

CALF-LEATHER INDUSTRY

LETTER

FROM

THE SECRETARY OF COMMERCE,

TRANSMITTING

IN RESPONSE TO A SENATE RESOLUTION OF JUNE 6, 1924, INFORMATION RELATIVE TO THE EFFECT OF IMPORTS UPON THE CALF-LEATHER INDUSTRY, TOGETHER WITH A REPORT PREPARED BY THE UNITED STATES TARIFF COMMISSION AND SUBMITTED TO THE DEPARTMENT OF COMMERCE.

FEBRUARY 3 (calendar day, FEBRUARY 12), 1925.—Ordered to lie on the table and to be printed

DEPARTMENT OF COMMERCE,
Washington, February 11, 1925.

Hon. A. B. CUMMINS,
President pro tempore, United States Senate,
Washington, D. C.

MY DEAR SENATOR: Herewith I have the honor to transmit, in response to questions 1, 2, 4, 5, 7, 8, 9, 10, 11, 12, 14, and 15 of Senate Resolution 256, a report of the Department of Commerce on the effect of imports upon the calf-leather industry.

There is also attached a report prepared by the United States Tariff Commission in reply to questions 3, 6, 13, 16, and 17. The Department of Commerce is simply transmitting the latter report and, of course, takes no responsibility for the facts presented and the conclusions drawn by the Tariff Commission.

Yours faithfully,

HERBERT HOOVER,
Secretary of Commerce.

CAUSES OF THE DEPRESSION IN THE CALF-LEATHER INDUSTRY

DEPARTMENT OF COMMERCE,
Washington, D. C., December 1, 1924.

On June 6, 1924, the United States Senate adopted the following resolution No. 256:

Whereas for a considerable period there has been a tremendous depression throughout the calf-leather tanning industry, a period during which the calf-

leather tanners of the United States have shown steady and consistent financial losses and there has been attended a decrease in production of from 30 to 70 per cent and general unemployment and consequent want and depression in communities where these tanneries are located: Therefore be it

Resolved, That the Secretary of Commerce be, and hereby is, directed to furnish to the Senate as expeditiously as possible, if not incompatible with the public interests, all available facts requested hereinafter.

(1) Is the present depression in the calf-leather tanning industry confined to the United States, or is it world wide?

(2) To what extent and for how long a period has the present depression in the calf-leather tanning industry of this country been apparent?

(3) To what extent has the domestic calf-leather industry been affected by the postwar increases in the importations of calf leather?

(4) To what extent has there been an increase in imports of calf leathers from European countries?

(5) Do those countries exporting leather to the United States have a tariff against our calf-leather products?

(6) What is the difference in the wages paid calf tannery labor in Europe and that paid in this country?

(7) Have the countries of Europe a potential calf leather production large enough to enable them to dump a substantial portion of their products in this country?

(8) Do these European countries require the United States as a market for their calf leather for aid in their reconstruction problems?

(9) To what extent are the calf tanners of Europe able to buy their tanning materials, etc., cheaper than can the calf tanners in the United States?

(10) Are the European calf tanners establishing agencies throughout the United States to exploit the sale of their calf leathers?

(11) Have the European countries during the past year maintained an embargo or export tariff on raw calfskins offered for shipment to the United States?

(12) Do certain European countries enable their own calf tanners to buy raw calfskins at lower prices than the tanners of the United States can buy them?

(13) Is labor an important factor in the tanning of calf leather?

(14) To what extent have the importations of calf leather in the United States from Canada increased in the past three years?

(15) Does Canada have a heavy duty on calf leathers shipped there from the United States?

(16) To what extent is Canadian labor paid less than the labor in the calf tanneries of the United States?

(17) Would a tariff on calf leathers based solely on the difference in labor existing between competing countries be of material assistance in stimulating production and restoring prosperity to this industry?

In response to the foregoing resolution the department has the honor to submit the following:

I. "Is the present depression in the calf-leather tanning industry confined to the United States, or is it world-wide?"

There is a depression in the calf-leather tanning industry in the United States and in several other countries. It must be borne in mind that subnormal production does not necessarily indicate depression and unprofitable business. The European countries generally speaking have not yet returned to the pre-war level of purchasing power. This has made it necessary for the calf-leather industry of Europe to seek foreign markets so far as possible for their products to replace the decline in domestic consumption. The United States offers many inducements as a foreign outlet for European calf leather by reason both of its large consuming population and relatively greater purchasing capacity per unit of population. Foreign calf-leather tanners visiting America during the past year have not hesitated to state that they are doing business on a profitable basis with particular stress on their export trade.

The United States is the world's largest producing and consuming market for this type of leather. In 1909 the United States produced

calf leather to the extent of 19,000,732 skins. In 1914, production dropped to approximately 16,000,000 skins. In 1921 production amounted to approximately 15,000,000 skins. In 1922 production rose slightly to 15,774,000 skins. In 1923 there was still further increase, and the year's production amounted to 18,473,000 skins. In the first seven months of 1924 production of calf upper leather in the United States amounted to 8,781,000 skins. This represented a decline of 15 per cent in production as compared with the same period in 1923. In the meantime stocks on hand for the first seven months of 1924 declined 19 per cent as compared with the same period in 1923, while consumption of domestic calf upper leather declined during this period under discussion 18 per cent as compared with the same period in 1923.

Holland.—Until 1922 the production of calf leather in Holland was negligible. In other words, practically 95 per cent of this type of leather used in this country was imported. Since then an important factory has been established in the heart of the Dutch leather district, reported to be financed by German capital. This tannery has developed considerably in the last two years and produces at present approximately 5,000 skins per day. The second important upper leather producer in Holland, established at about the same time, has a daily production estimated at about 1,500 calfskins.

If these two tanneries supplied all the calf leather consumed in Holland they could use only 50 per cent of the available domestic production of raw calfskins. If this is the case the greater quantity of Dutch calfskins are exported. As will be explained later, due to strong international competition in the domestic market the Dutch calf-leather manufacturers find it necessary to export 80 per cent of their production.

Canada.—In Canada the calf-leather industry reports that production is at present 50 per cent below normal and has shown a steady decline since 1919. While production is estimated at the present time to be below the pre-war level, the capacity of the local tanneries is slightly larger than before the war. The Canadian calf-leather industry tanned in 1920, 621,642 calfskins. In 1921, production rose to 1,276,083 skins, dropping in 1922 to 984,157 skins, this decline continuing in 1923 when 845,821 calfskins were tanned.

In spite of this subnormal production of calf upper leather in Canada, reference to the import table (Appendix A) will show that imports of calf upper leather from Canada amounted in 1911 to \$511 while in 1922 they amounted to \$677,706, rising sharply in 1923 to a total value of \$1,086,642. For the first six months of 1924 the Canadian imports amounted to \$520,793, indicating that the imports for this present year would certainly equal, if not exceed in value, the imports of the previous year.

United Kingdom.—The calf-leather industry of the United Kingdom as a whole is not in any formidable world position owing to its comparatively small size when measured up to the productive capacity of other world countries, as well as when compared with the calf-leather needs of the British market. The British calf-leather manufactures do not anywhere near supply the demands of their own market and are at the present time literally overwhelmed by imports from Europe, particularly from Germany and Netherlands. In addition Great Britain's export trade in calf upper leather

is relatively very small. Great Britain lacks the principal fundamental advantage which is native to the calf-leather industry in the large producing countries of the world. Calfskins, as well as other hides and skins, are, of course, a by-product, the production of which is dependent on the demand for meat. Germany, France, and the United States are all veal-eating countries, whereas the United Kingdom is not, so British tanners have always lacked the material advantage which accrued in other big producing countries.

With the exception of the war years and the immediate postwar period the calf-leather industry of the United Kingdom has assumed relatively small proportions. Before the war by far the greatest supplies of calf leather used in the country were imported from abroad. During the war period and for sometime thereafter quite an impetus was given to the industry in Great Britain due to the fact that supplies could not be obtained elsewhere. Since that time, however, production has rapidly fallen under the stress of competition from abroad, and one after another of the tanneries erected during the war have ceased operations altogether or diminished production, until to-day the output does not exceed pre-war proportions. The outlook for getting the increased war capacity of tanneries into operation is not considered hopeful.

Just how much of local needs is being furnished by British tanners is not known. Three well informed members of the British leather industry give it as their opinion that not more than 20 per cent of the domestic needs for calf upper leather are supplied by the British tanners to-day, while one equally well-posted informant puts his estimate at 40 per cent.

In spite of this situation in the United Kingdom it will be noted by referring to the table (Appendix A) that the United Kingdom has greatly increased its exports of calf leather to this country in the last two and a half years. In 1922 we imported calf upper leather from the United Kingdom to the total value of \$309,615. In 1913 the total imports amounted to \$365,647, but during the first six months of 1924 the imports totaled \$399,328. If imports continue from the United Kingdom through the rest of the year at this rate the total for the year will show considerably over 100 per cent increase from this country alone.

Germany.—The present output of calf leather in Germany is considerably below the pre-war level, although productive capacity probably is slightly greater. The chief factor in the German situation at the present time is extreme money shortage prevailing since the stabilization of the currency, which has severely limited the imports of raw stock and has also affected the purchasing power of the leather finishing industries and the German consuming public.

Leather production figures are not available, but on the basis of raw stock imports and domestic slaughter, according to estimates of certain manufacturers, it would appear that production in Germany has very recently reached about 75 per cent of pre-war. During 1923 it was apparently about 55 per cent and for the first eight months of this year slightly less than 70 per cent. This constant increase in production is noteworthy.

These estimates are based on domestic production of skins (weights not available) and net imports by weight (pieces not available), converting the latter at the ratio of 3.6 kilos per piece for green

skins and 1.6 kilos for dried skins. The estimate for 1924 includes the 25 per cent increase for raw stock net imports over the previous year as shown by the official statistics for the past eight months and assumes a 25 per cent increase in domestic slaughter. This is a reasonable estimate, as last year meat production was abnormally low because farmers were unwilling to accept paper marks in exchange for their products.

The following table shows pre-war and present domestic slaughtering and net imports of calf skins:

	1913	1923	1924 (on basis of 8 months figures)
Home production (millions of skins).....	3.7	2.6	13.2
Net imports of—			
Green skins (per million kilos).....	28.3	12.7	15
Dried skins (per million kilos).....	2.2	1.2	3

¹ Allowing for approximate 25 per cent increase over last year

² Assuming the same ratio for the remaining four months

During the early autumn of this year business has improved and prices have advanced about 15 to 20 per cent, thus encouraging the tanners to put their goods upon the market. As in other German industries the exportation of leather is claimed to be difficult because of high prices but the outlook for the calf tanning industry is nevertheless not unfavorable because with the gradual economic progress of Germany under the Dawes plan the domestic purchasing power may be expected to increase and the public preference for calf leather products should insure a gradual return to full production.

Belgium.—There are in Belgium three sizable tanners specializing in the production of calf upper leather. There are other small tanneries scattered throughout the country who perhaps tan 50 calfskins or so throughout the year by contract with individual butchers to take off skins from animals slaughtered by the latter, but such tanners are of little interest to the general market. The largest additional factor in the Belgian calf leather market is a tannery in Luxemburg, reported to be financed by German capital.

The present weekly production of the three Belgian firms is approximately 11,800 calfskins. The Luxemburg tanners have at the present time a weekly production of 25,000 skins. (Expert American observers estimate that on October 1, 1924, the weekly production was 45,000 skins with additional plant not yet operating sufficient to give a conservative productive capacity of 65,000 skins per week.) The three Belgian tanneries mentioned supply about half the present Belgian consumption of calf upper leather. Their principal competitors in the Belgian market are French, German, and Luxemburg tanners. The production of these Belgian tanneries is sufficient to satisfy all the needs of the Belgian market for calf upper leather provided there were no foreign competition.

Assuming the potential capacity of the Belgian tanneries on January 1, 1925, as 11,800 skins per week and allowing 10 square feet to the average skin the Belgian output of calf upper leather would on that date approximate 6,136,000 square feet annually. Owing to the fact that there is a considerable proportion of medium

and cheap grade calf leather produced in Belgium and the plants are working mainly for present need, any future expansion of the Belgian calf upper leather industry would depend primarily on an increased output of the cheap footwear in which Belgian shoe manufacturers specialize. Belgian tanners have strong competition to meet, particularly from Luxemburg, Germany, and France, and claim that they must continue to be protected in view of the longer working time in in German tanneries.

France.—According to the best estimates, calf-leather production in France amounts to 250,000 skins per month, or 3,000,000 skins annually. The monthly production of raw calfskins in France is about 350,000 skins. This amount is fairly accurate for the pre-war period and for the present time, inasmuch as livestock has been in a very large measure replaced, the production during the war years probably showed a decline. However, it seems safe to say that such decline was not extreme. The statistics of imports and exports of raw calfskins with the figures of production enables one to calculate, with a fair degree of accuracy, the number of calfskins tanned in France. On the foregoing basis the estimate of the production of calf leather before the war and during recent years is as follows:

	Pieces		Pieces
1912-----	2, 230, 000	1920-----	3, 300, 000
1913-----	2, 000, 000	1921-----	2, 000, 000
1916-----	3, 800, 000	1922-----	2, 100, 000
1917-----	3, 900, 000	1923-----	2, 700, 000
1918-----	4, 200, 000	1924 (estimated)-----	3, 000, 000
1919-----	4, 000, 000		

The above table of annual production of calf upper leather shows clearly that by 1923 France had exceeded her pre-war production of this type of leather, while the estimate of production for 1924 indicates approximately an increase of nearly 50 per cent in actual production over pre-war.

Austria.—Production in the calf-leather industry at the present time is estimated at less than one-half capacity. Capacity is rated at 1,000,000 skins per year. Austria's production of calf leather for 1923 was estimated to be 4,400,000 square feet. The outlook for the immediate future is not favorable. This depression in industry is caused largely by the high interest rates and the difficulty in raising money for working capital that now prevails in Austria. With money very scarce and interest changes ranging from 20 to 50 per cent per year and even higher, heavy taxation, and none too efficient labor, cost of production is such as to make it difficult for Austrian leather to compete in the domestic foreign markets.

Switzerland.—At the present time there are only two fairly important tanneries producing calf upper leather in Switzerland. Their combined production ranges from 30,000 to 42,000 skins per month. It is reported that Swiss tanneries producing calf leather have been operating at a loss, or at little profit, since the war. It is imperative that the Swiss tanners should be able to purchase cheaper raw material of foreign origin before they can hope to prosper. The raw product obtainable in Switzerland, although very superior, is too expensive to be used for the manufacture of black and box-calf leathers. Notwithstanding the protective duties and restrictions imposed by the Government, the prices which can be obtained in Switzerland

for colored and box calf do not allow a sufficient margin of profit on domestic sales to enable Swiss tanners to make lower prices for export trade.

Czechoslovakia.—The scale of operations in the production of calf leather in Czechoslovakia at the present time is approximately normal. The operation of the domestic tanneries producing calf upper leather, principally box, is very closely tied up with the domestic shoe industry to the extent that the scale of operations in the latter largely governs the scale of production in the former.

If the local shoe manufacturers can maintain their export business, which they have succeeded in recovering in the last 18 months, the local tanners will continue satisfactorily occupied. There is reasonable prospect that the shoe manufacturers will succeed in this, or, in other words, that the approximately normal production of calf leather will be maintained. There is evidence that a considerable quantity of high grade calf upper leather is finding its way into the United States. (See Czechoslovakia section in answer to question 7.)

II. "To what extent and for how long a period has the present depression in the calf leather tanning industry of this country been apparent?"

The depression in the calf leather industry in the United States first became acutely apparent about July, 1920, and the industry as a whole has not been on a reasonably satisfactory earning basis since that time. Many factors have contributed to the failure on the part of the industry to recover from the effects of the deflation of values which started in 1920. Among the most important factors are the following:

The constantly increased importation from Europe and Canada of high grade calf leathers since 1920.

The increased price of raw stock caused by world shortage, European embargoes and competition in the United States raw stock markets on the part of European buyers.

In 1920 seven firms lost a total of \$8,592,687.06. In the year 1921 five firms lost \$2,458,831.68. In 1922 five firms lost \$783,602.32. In 1923 seven firms lost \$672,838.24. During the first six months of 1924 seven firms lost a total of \$356,354.53.

In order to arrive at a competent expression of the extent and the period of the depression in the calf leather industry a questionnaire was sent out to the individual tanners and their replies are tabulated as follows:

Tanner A.—The depression in the calf-leather industry of the United States began to be felt in July, 1920, and caused in this particular tannery a curtailment in production to 80 per cent capacity. During the intervening years with the continued decline in the demand for calf leather the production of this plant has been gradually cut down until at the present time it is working at 45 per cent of capacity.

Tanner B.—The depression in the calf-leather industry commenced about the middle of 1920 when all calf leather suffered a tremendous decline in value. There was a slight reaction during the first six months of 1921, then a further depression, and there has been practically no recovery since that time.

Tanner C.—The present depression in the calf-leather industry in the United States has been apparent ever since 1921. In fact, there was a depression in 1920 which was most severe, but there was a slight improvement early in 1921 since which time there has been continued depression.

Tanner D.—This tanner reports that while he has suffered from the depression since 1920, it has been most marked with him during the first six months of this year.

Tanner E.—The depression in the calf-leather industry has been continuous since January 1, 1920, and has continued, without any let-up, to the present time. The depression is, if anything, more acute than ever to-day (August 25, 1924). It has been directly due to the decline in foreign exchange which immediately cut off the export market. The calf leather always has been and is now organized to supply a very heavy percentage of its output for export. The industry not only processes all of the American calf skins produced, but finds it necessary to import 40 per cent of the raw stock in order to maintain the normal capacity of its tanneries.

The depression may be divided into two phases:

1. The tremendous drop in values both in raw material and finished leather.
2. After this shrinkage in inventory there has also been a consistent operating loss due to curtailed production and high overhead expense.

The biggest drop in raw material and finished leather occurred in three months time. Then followed a steady decline which finally reached equilibrium by January 1, 1921. A comparison of raw material prices would illustrate this.

January 1, 1920. New York cities 5/7, \$8; 7/9, \$9; 9/12, \$10 per skin.

January 1, 1921. New York cities 5/7, \$1.65; 7/9, \$2.15; 9/12, \$2.80 per skin.

Finished leather prices:

January 1, 1920. A, \$1.35; B, \$1.25; C, \$1.15; D, \$0.90 per square foot.

January 1, 1921. A, \$0.55; B, \$0.50; C, \$0.45; D, \$0.35 per square foot.

This huge shrinkage caused an inventory loss which almost paralyzed the industry, in many cases wiping out surplus and in some almost entire capital.

The raw stock market from 1921 through to the present day (October 25, 1924) has been almost stationary as far as calf skins are concerned. New York City skins are very nearly on the same level as in 1921, and the market level has been almost a straight line throughout that period.

On November 22, 1924, our Russia calf leathers averaged as follows: A grade, 48 cents; B, 42 cents; C, 37 cents; D, 32 cents. Where the tanner selects out of a choice run of raw stock as to substance, etc., the highest prices obtainable are A, 54 cents; B, 51 cents; C, 43 cents; D, 35 cents. When this is done it so depletes the table run that the low end must be sold at a reduced price, and our opinion is that this will average somewhere between 35 cents and 38 cents. In the last few months the raw stock market has moved upward so that on December 15 New York cities 5/7 were selling at \$2.30. The prices of finished leather have also moved upward, but the relation between replacement costs and selling price shows just as serious a margin as ever.

It would seem that raw stock should go down further so the tanner at least could turn around, but for the first time in American history, we have the European tanner coming over here to buy American raw stock because it is so much lower than his own, so much so in fact that he can even equalize his own exchange and still be ahead. He could not do this with American leather but he can do it with American raw stock because he still has the labor and tanning expenses in terms of European currency. Therefore, when the American tanner says to the American hide dealer, he can't pay the price, the skins go abroad. We have therefore, today the unusual picture of a market saturated with finished leather but almost depleted in raw stock.

Other factors enter here as to why the tanner must go on tanning. One is, if you examine the list of about 15 established calfskin tanners you will notice that it has taken some 25 to 50 years not only to develop the plants, but the organization that would take almost a lifetime to build up again. Manufacturing expenses are higher now than during the peak of the war. Coal is about 40 per cent higher, freights have been raised many times, and labor is on a higher level now than during the war. The advance in freights, coal, and other commodities you know about as well as we do. There is a further loss in manufacturing, and by far the biggest item, due to the fact that none of these tanneries are producing more than one-half of what they should, and consequently the overhead charge is twice that of the normal overhead per square foot of leather produced.

It is only natural that the manufacturer of calf leather from time to time endeavors to produce new shades and new forms of calf leathers with the hope of enticing from the shoe manufacturers more than the normal percentage of business available, and consequently this has filled the inventories throughout the industry with obsolete colors and styles, the full cost of which represent a loss not easily reckoned but still real and apparent.

Unemployment has been prevalent, and it is almost impossible to maintain any consistent standard of manufacturing, due to the irregularity of operation and the manner in which trained employees are constantly being discharged.

A comparison of the statements of our leading concerns shows a deplorable condition, but we again emphasize the fact that the inventory loss of 1920, while huge, does not at all compare in our estimation with the operating losses since that time. It is also noticeable that these operating losses have affected the strongest and largest concerns more than any others.

Tanner F.—Present depression in the calf leather industry has lasted since May 1, 1920, a period of more than four years.

Tanner G.—The calf-leather industry in the United States has been suffering from the depression for the last two or three years with temporary periods of revival frequently followed by a dullness exceeding that of the previous period.

Tanner I.—The calf leather industry was seriously affected by the liquidation in 1920 and ever since then it has suffered as a staple industry.

Tanner J.—The present depression in the calf leather industry in this country has been apparent for three or four years.

Tanner K.—It is well known that the calf leather industry has been in a bad slump ever since the early part of the year 1920, and there are few tanners in that industry who have been able to show reasonable profits since that time. During the past year this firm has met increasing difficulties from competing prices. The present depression (October 22, 1924) in this industry, we would say from our experience, dates from the early part of this year and has been on an increasing ratio, as far as this firm is concerned, up to this date. We find much more difficulty in entering our calf leather at prices which will enable us to even cover our actual costs of production.

Tanner L.—Present depression in the calf leather industry has been apparent from 1920 up to the present time (November 14, 1924), and in our opinion the business done has been only 50 per cent of normal.

Tanner M.—Since 1919 the unfavorable situation in the calf leather industry has been such as to prevent us obtaining a profit on our production. We occasionally thought that we could see an improvement in conditions but such improvement has not up to this date (October 22, 1924), been maintained.

Tanner N.—The present depression dates back to the spring 1920 and at no time since that date have we been able to operate our plant at over two-thirds capacity. In fact, we have hardly averaged over 50 per cent of capacity.

Tanner O.—The present depression in the domestic calf leather industry has been of a serious nature for the last two or three years and more particularly the last year, during which time business has not been good.

Tanner P.—The present depression has existed since the spring of 1920 and, as far as we have been able to ascertain, there has been no recovery in any direction.

III. "To what extent has the domestic calf leather industry been affected by the postwar increases in the importations of calf leather?"

Inasmuch as the fact finding in answer to the above question is not within the jurisdiction of the Department of Commerce, the Tariff Commission has been asked to answer this question. (See response of Tariff Commission in later pages of this report.)

IV. "To what extent has there been an increase in imports of calf leathers from European countries?"

The total value of imports of calf upper leather during pre-war years 1910-1914 rose to their highest point in 1910 when they reached a total of \$269,582. From 1916 to 1918 there was a greater increase in the value of imports attaining in the fiscal year 1918 a total of \$1,572,062. (See Appendix A.) In 1919-20 the totals continued to be high but it must be remembered that during the war years and the first two postwar years values were at least 300 per cent higher than they are to-day. In spite of declining prices in 1922 and 1923 imports have shown a steady rise in total value. The first six months of this year show a total of \$1,587,526. Even if imports are maintained on the same basis of volume for the last six months

of this year as during the first, the total value of imports for 1924 will be considerably in excess of 1923 figures.

It is not possible to compare quantities imported with quantities produced in the United States previous to 1923. In 1923 we imported 8,418,808 square feet of calf upper leather in this country. In the first six months of 1924 the imports amounted to 6,048,046 square feet.

Another significant fact may be seen by comparing the total value of exports with the total value of imports for 1923 (see tables Appendix A and B). It will be noted that the imports in value for 1923 equal half of the value of the exports for that year. Domestic tanners report that the calf leather exports consist largely of suede and ooze calf indicating that the exports of grain calf are negligible because American tanners can not compete, while the imports of calf upper, exclusive of linings are almost entirely full grain.

V. "Do those countries exporting leather to the United States have a tariff against our calf leather products?"

Research has been made on this point into the tariff laws of the fourteen foreign countries comprising all those exporting leather in any quantity to the United States, and it was found that all of these countries, with the exception of the United Kingdom, collect duties on the importation into their territories of American calf leather products, as on most other commodities. The situation in the United Kingdom is exceptional because, under the present British tariff policy, only a limited number of articles are subject to any import duty. In all but a very few cases, import duties are assessed by weight, although the rate of duty was found to vary widely in the individual countries.

A detailed statement of the tariff treatment of American calf leather imported into the fourteen countries selected, listed below, will be found in the Appendix under the heading "Foreign import duties on leather." Owing to the frequency of change in tariff duties during the present period of instability, the facts have been presented so far as possible, uniformly as of November 1, 1924, and in order to allow of comparisons as to the relative treatment of calf and other substitutive leathers the duty statements include, in most cases, also other classes of leather.

The countries considered for this phase of the investigation are: United Kingdom, France, Germany, Italy, Holland, Belgium and Luxemburg, Austria, Czechoslovakia, Poland, Yugoslavia, Bulgaria, Latvia, Esthonia, and Lithuania.

VI. "What is the difference in the wages paid calf tannery labor in Europe and that paid in this country?"

Inasmuch as the fact finding in answer to the above question is not within the jurisdiction of the Department of Commerce, the Tariff Commission has been asked to answer this question. (See response of Tariff Commission in later pages of this report.)

VII. "Have the countries of Europe a potential calf leather production large enough to enable them to dump a substantial portion of their products in this country?"

Certain countries such as Holland, Belgium, including Luxemburg, France, and undoubtedly Czechoslovakia, have an exportable surplus of calf upper leather. Other countries such as United Kingdom and Belgium without Luxemburg find that by reason of European

competition it is essential to the maintenance of their industry to export a considerable portion of their production which would otherwise be absorbed by the domestic demand. While it is not possible to establish dumping as such, reference to Appendix Table A will indicate that all of these countries with the possible exception of France are looking to the United States as an increasing market for their leather. Even imports from Germany have shown considerable resumption of activity during the last two and a half years, and indications would point to the fact that competitive conditions in the American market are such as to give foreign leather such advantages on the best grades as to make unnecessary for the present any so-called dumping.

Holland.—The exportable surplus of calf leather is estimated at 80 per cent of the production. This is shipped chiefly to Great Britain and the United States, while 30 per cent of the calf leather used by the entire Dutch shoe industry is supplied by far to the greatest extent by Germany and secondly by Belgium. Russia has also recently become an important buyer of Dutch chrome calf leather.

The official trade statistics of the Netherlands do not segregate calf leather, this class of leather being included under the general grouping of other kinds of chrome leather. It may safely be said, however, that this section represents box-calf leather to the greatest extent. During the period, January to August, 1924, inclusive, the total imports of this class of leather aggregated 671 metric tons (6,963,000 guilders) against only 347 metric tons (3,645,000 guilders) during the same period of 1923. Of this amount 542 tons (5,496,000 guilders) originated from Germany, 42 tons (389,000 guilders) from Great Britain, and 26 tons (423,000 guilders) from the United States. The greatly increased importation this year is accounted for chiefly by the larger imports from Germany which supplied 270 metric tons (2,196,000 guilders) during the first eight months of 1923.

On the other hand the exports of this class so far this year have totaled 639 metric tons (7,156,000 guilders) as compared with 444 tons (4,220,000 guilders) during the corresponding period of last year. The exports have gone principally to Great Britain (347 tons—3,411,000 guilders), Germany (75 tons—1,058,000 guilders), Belgium (56 tons—656,000 guilders), and the United States (53 tons—693,000 guilders). Increased exportation this year is accounted for chiefly by the larger exports to Great Britain which took only 224 metric tons (2,010,000 guilders) last year. At the same time it should be remarked that the exportation of this class of leather to the United States has fallen off considerably during the current year, 96 metric tons valued at 1,066,000 guilders, being exported to that country during the same period of 1923.

The imports from Holland amounted to \$533,404 in 1922. (See Table A, Appendix.) In 1923 they jumped to \$893,187. The imports for the first six months of 1924 amounted to \$422,239, indicating that the value is being well maintained in comparison with 1923.

United kingdom.—Since the local industry does not anywhere near supply the local demand there can not be said to be any exportable surplus, assuming that "exportable surplus" means excessive production over essential local needs. A few firms appear to have built up some reputation abroad for their calf leathers, but the total shipped

to foreign countries is relatively small as the world trade in calf leather goes. In the nine months ended September, 1924, exports of British box and willow calf amounted to 6,721 hundredweights, valued at £116,985.

It is advisable here again to call attention to the fact as is shown in the Appendix Table A that the imports in value from the United Kingdom for the first six months of 1924 show an increase over the total imports for the year 1923 of 9 per cent. In other words, the total imports for 1923 were \$365,647, while the total imports for the first six months of 1924 amounted to \$399,328.

No definite estimate as to the increase in capacity of calf leather tanneries over prewar will be ventured by some of the best known leather people in the United Kingdom. Statement only to the effect that there has been "some increase" could be obtained. Such members of the trade affirm, however, that production to-day is no larger than in prewar days.

Germany.—The export of German upper leather (other than patent) is less than one-third of the prewar although production amounts to a little over two-thirds of 1913. In 1913 there was a net export of 10,000 metric tons of upper leather against 5,000 in 1923, and 2,000 during the first eight months of this year. Of these totals, the greater proportion is calf leather, but no statistics, official or private, of the exact relation between calf and other upper leather are available. The proportion of calf upper leather exports has increased since the war, as the tendency has been to substitute calf for kid. This tendency may be reversed, however, if the spread between calf and kid prices should further decline.

The productive capacity of the calf leather tanneries has not been materially increased over prewar. Some of the larger tanneries have enlarged their plants, but this represents concentration and modernizing rather than any great extension of capacity. The absorption or discontinuance of some of the small tanneries has largely offset these extensions in the larger plants.

The significant feature of the postwar development in the calf leather industry in Germany is the reported establishment of tanneries backed by German capital in border countries, the potential capacity of which has greatly increased the total calf leather productive capacity of Europe. Two large German tanners are said to put in process from 170,000 to 220,000 calfskins per week. A large combine financed to a considerable extent by German capital and controlling plants outside of Germany is said to have a weekly production of 150,000 calfskins or nearly 8,000,000 skins per year.

In 1921 German calf upper leather made its first postwar appearance in the American market. Imports more than doubled in value in 1922 and there followed a considerable further increase in 1923. The figures for the first half of 1924 show a recession in imports undoubtedly due to the stabilization of the German mark and the resulting financial reorganization of industry. While the total values of imports from this country seem small, it should be noted that they are greatly in excess of the total values in the pre-war years when prices were more nearly on a level with present-day prices.

Belgium.—This country only has production available for export on account of foreign competition at home, and there can hardly be

any question of a real exportable surplus; but it would appear that about 25 per cent of the current production goes out of the country, or approximately 1,200,000 square feet per year.

Owing to the limited size of Luxemburg, however, it is fair to consider that nearly the entire production of calf leather in Luxemburg is exported. The principal plants there produce calf exclusively, including specialties like velvet calf. One plant covers about 4 hectares of ground (9.88 acres) and employs 850 workers, having recently decreased its staff from 1,000 owing to improved mechanical equipment. The normal week is 48 hours, but night work is now in progress (October 13, 1924). The producers of calf leather in Luxemburg enjoy free entry of their products into Germany until January, 1925. They are not concerned with the possibility of German competition in the Belgian market even with no Belgian duty whatever on German calf leather. About three-fourths of the exports of the Luxemburg producers of calf upper leather appear to go to Belgium and France, and doubtless most of their reexports set out from the former country. The exports from Luxemburg producers may be estimated at a total of 80,000,000 francs annually with about 20,000,000 francs worth of business being done in Belgium itself.

Belgium production of calf upper leather is estimated in the trade at twice to three times the pre-war capacity.

France.—Estimates regarding the exportable surplus of calf leather vary from 500,000 to 1,000,000 skins per year at the present time. Exports to the United States are very low. One of the largest companies tanning calf leather stated that they have for some time past been doing practically no business with the United States. Recently they sent men to the United States solely for the purpose of investigating the market. Those men found that the prices which could be secured for current qualities ranged from 25 to 30 cents per square foot. The company finally decided to send 200 dozens of calf leather to the United States, at prices ranging from 30 to 40 cents as an experiment. The results are not yet known. The best markets for French calf leather are the Near and the Far East. The production of calf, when the tanneries are producing at capacity, is estimated at about 5,000,000 skins.

There seems to be considerable doubt as to whether the capacity of the calf leather tanneries, excluding those in Alsace, has increased over pre-war. The majority of the persons consulted are of the opinion that most of the larger tanneries, at any rate, have increased their capacity, but it is impossible to estimate to what extent. Furthermore, with the acquisition of Alsace-Lorraine, France acquired a number of calf leather tanneries, especially the very important plant near Strasburg.

Austria.—Austria exported calf leather of the value of about \$400,000 in 1923, and nearly as much, \$380,000, in the first half of 1924. During the same period of one and one-half years, it imported calf leather of a total value of \$720,000, leaving a net excess of exports over imports of only \$60,000.

Before the war there were practically no calf leather tanneries in the present Austria. Such tanneries arose as a consequence of war conditions and of the breaking up of the old Austro-Hungarian

monarchy, which separated the present Austria from former sources of supply. The present Austrian capacity is estimated at 1,000,000 skins per year.

Switzerland.—There is no exportable surplus as such of calf leather produced in Switzerland because the consumption of calf upper leather in Switzerland is far in excess of the production at the present time. As a matter of fact the imports are greater than the exports. It is true that there is what appears to be a temporary increase in exports during the first six months of this year. This is accounted for because trade conditions were unfavorable during that period for the boot and shoe industry in Switzerland. Another factor which contributed to the increase in exports during the first half of 1924 was the general credit stringency in Germany. German tanners were for that period unable to produce adequate supplies of leather because of lack of capital to purchase adequate supplies of raw stock. This produced a momentary shortage of leather, thereby forcing the German shoe manufacturers to import. This abnormal situation lasted for only a few months, and to-day exports are again down to normal. Swiss tanners at present, with a relatively small production, are unable to maintain assorted stock and are losing their recent artificial importance as exporters.

Czechoslovakia.—At the rate at which the calfskin tanners in Czechoslovakia are producing to-day there appears to be a small annual net surplus of calf leather for export. In the calendar year 1923, which was relatively a normal year, in Czech industry the year's exports were 103.1 metric tons.

The exports of medium and cheap grades of leather are largely confined to the eastern and southern European countries. While it is difficult, if not impossible, to trace the exports of the higher grades of calf leather some American tanners state that a considerable volume of high-grade calf leather is coming into America.

Up to June, 1924, no direct imports of calf upper leather are shown as originating in Czechoslovakia. Study, however, of the details of the import figures show that exports of Czechoslovakian leather which finally reaches the United States are in reality reexports from some other European country. One shoe factory has imported since the first of this year between 40 and 50 cases of calfskin upper leather which was tanned in Czechoslovakia. A rough estimate of the total imports of this leather by this one concern is placed at a minimum of 1,500 dozen skins. All this leather was of very good grade. This is only one instance of indirect importation of Czechoslovakian leather and it is certain that the aggregate would amount to a far from negligible figure.

VIII. "Do these European countries require the United States as a market for their calf leather for aid in their reconstruction problems?"

The question of the bearing of the export trade of a country on the restoration of economic stability in that country cannot be readily broken down to be made applicable to a certain class of merchandise. The real answer to this question is embodied in the answers to questions 1, 4, and 7.

THE COAL-TAR DYE SITUATION IN THE CALF-LEATHER TANNING INDUSTRY IN THE UNITED STATES AND EUROPE

OBJECT OF STUDY

This study was made in connection with question No. 9 of Senate Resolution 256, which reads as follows:

To what extent are the calf tanners of Europe able to buy their tanning materials, etc., cheaper than can the calf tanners in the United States?

INTERPRETATION AND SCOPE OF THE SURVEY

At a conference held in the Bureau of Foreign and Domestic Commerce, composed of representatives of the Bureau of Foreign and Domestic Commerce, of the United States Tariff Commission, and officials of the Calf Tanners' Association, it was suggested by the tanners that the investigation, pertaining to that part of the resolution which reads "so forth", should be confined to coal-tar dyes.

Upon the advice of the officials of the Calf Leather Tanners' Association, a list of 14 coal-tar dyes was selected as representative of the dyes in use by those engaged in the dyeing of vegetable as well as chrome-tanned calfskins. Further the list covered the color range black, brown, orange, yellow, red, blue, and violet, comprising practically 90 per cent or more of the entire coal-tar dye requirements of calfskin tanners.

Further, it was agreed that the comparison with the United States should be confined to the principal competitive countries in the calfskin tanning industry, defined as Germany, England, France, Belgium, Holland, Czechoslovakia, and Austria.

FINDINGS

It was found upon investigation that:

(1) Practically all tanned calfskins are dyed and principally with coal-tar dyes.

(2) The quantity of dyes used annually by the calf tanning industry in the United States accounts for less than three-fifths of 1 per cent of the total United States production of coal-tar dyes.

(3) The 14 dyes used as the basis of investigation comprise 70 per cent of the total number and 90 per cent of the total quantity and value of all coal-tar dyes consumed by the domestic calf tanners.

(4) Six of the 14 dyes, in order of their relative importance to the calf tanners, namely: Bismark brown, direct deep black EW, nigrosine WS, phosphine, resorcine brown, and orange II, account for seven-eighths of the tanners' requirements.

(5) The entire requirements of our calf tanners for the specified 14 dyes are met by products of American manufacturers.

(6) Ninety-eight per cent of the calf tanners consuming requirements for dyes in 1923 were filled at general average prices irrespective of source at 11 per cent below the average sales prices recorded in the tariff census of 1923, and that 70 per cent of their requirements purchased direct from manufacturing sources was obtained at 18 per cent below.

It was likewise found that the dyes used by Austria, Belgium, Czechoslovakia, and Dutch calfskin tanners are of German origin and subject to an agent's or distributor's profit; therefore our field was narrowed to a value comparison between the dyes of English, French, and German origin with those produced in the United States.

The analysis of over 200 samples could not be made a part of this report prior to January, 1925. However, inasmuch as six-sevenths of the dyes used by the United States calf tanners are of prewar-origin in the United States, and that all of these specified dyes supplied to the tanners are considered standard throughout the world as to quality and comparable as to concentration within a very narrow per cent range of difference, we are fairly safe in basing our comparison upon the home market prices submitted from English, French, and German producer sources.

Therefore, subject to revision upon receipt of analysis we find that American prices of the 14 dyes are comparable with those prevailing in these countries if Europe, and for the six major dyes enumerated above which make up seven-eighths of the United States calf tanners' demand, the American price is not only comparable, but, in most instances, lower than the price which his competitor in Europe must pay.

PROCEDURE

Tanners.—As the basis of the investigation, a questionnaire was addressed to each member of that body, by the secretary of the Calf Tanners' Association, calling upon them to furnish the chemical division of the Bureau of Foreign and Domestic Commerce with a statement of the quantity of the specified list of 14 dyes consumed annually, the price paid per pound in 100-pound lots as of August, 1924, together with the name of the supplier.

Arranged as to color and usual method of application, the 14 dyes to be reported upon were the following:

Type	Basic		Acid		Direct	
Color	Schultz No.	Name	Schultz No.	Name	Schultz No.	Name
Black			217	Agalma black 10B.	462	Direct deep black E. W.
Black			700	Nigrosine W. S.		
Brown	284	Bismark brown	211	Resorcin brown		
Yellow	606	Phosphine G,2G, 3R.	23	Tartrazine		
Yellow			134	Metanil yellow		
Orange			145	Orange II.		
Red	679	Safraniline	161	Fast red A.		
Red			227	Croceine scarlet		
Blue	659	Methylene blue				
Violet	515	Methyl violet				

DOMESTIC DYE SUPPLIERS

Upon receipt of a number of replies from representative calf tanners, the dye manufacturers and distributors, referred to by the tanners as their source of supply, were requested to furnish samples of such of the listed dyes, in usual quality and strength as are sold to the calf-tanning industry, and the price applicable to each sample in 100-pound lots, quoted to that industry as of August 1, 1924. Five other domestic manufacturers, as recorded in the Tariff Informa-

tion Series No. 32, "Census of Dyes and Other Synthetic Organic Chemicals, 1920," were requested to supply data in order that a truly representative survey of the available domestic source of supply might be presented.

FOREIGN DYE SUPPLIERS

Finally, field representatives of the Bureau of Foreign and Domestic Commerce, stationed in the foreign countries previously mentioned, were requested to secure prices and forward samples of the specified dyes, or their equivalents, used by the calf tanners.

ANALYSIS OF THE REPORTS SUBMITTED BY THE CALF-TANNERS OF THE UNITED STATES

Twenty of the twenty-one firms composing the membership of the Calfskin Tanners Association of the United States submitted reports. The one firm which did not report is a relatively minor producer.

The production of calfskins by the membership of the association, according to the officials of that association, comprises practically the entire domestic production.

TABULATION AND ANALYSIS OF REPLIES

TABULATION A.—Calfskin tanners consumption of the specified dyes during 1923

Schultz No. and name of dye or color	Number of tanner consumers reporting	Tanners annual consumption in pounds	Percentage of total quantity	Value of dyes consumed by tanners	Percentage of total value	General average price per pound	Total number of purchases transacted
Black.....	18	175,995	36.70	\$83,163	25.8	\$0.47	34
(462) Direct deep black E. W.....	12	91,269	19.10	42,259	12.9	.46	14
(700) Nigrosine W. S.....	17	69,726	14.50	30,404	9.3	.43	19
(217) Agalma Black 10B.....	1	15,000	3.10	10,500	3.2	.70	1
Brown.....	19	167,758	34.70	94,092	28.8	.56	39
(284) Bismark brown.....	17	118,618	24.50	54,379	16.6	.45	20
(211) Resorein brown.....	15	49,140	10.20	39,713	12.3	.80	19
Yellow.....	16	74,864	15.50	106,372	32.6	1.42	32
(606) Phosphine G, 2G, 3R.....	14	62,764	13.00	96,659	28.6	1.54	22
(134) Metanil yellow.....	8	10,300	2.15	7,703	2.3	.75	8
(23) Tartrazine.....	2	1,800	.35	2,010	.6	1.11	2
Orange.....	10	30,840	6.50	8,872	2.7	.29	11
(145) Orange II.....	10	30,840	6.50	8,872	2.7	.29	11
Red.....	17	20,182	4.15	19,793	6.0	.97	31
(161) Fast red A.....	8	9,685	2.00	6,655	2.0	.68	11
(679) Safranin.....	13	6,747	1.40	9,011	2.7	1.34	14
(227) Croceine scarlet.....	6	3,750	.75	4,127	1.2	1.10	6
Blue.....	14	8,074	1.70	9,112	2.7	1.12	18
(659) Methylene blue.....	14	8,074	1.70	9,112	2.7	1.12	18
Violet.....	14	3,655	.75	5,135	1.5	1.40	16
(515) Methyl violet.....	14	3,655	.75	5,135	1.5	1.40	16
Total.....	20	481,368	100.00	326,539	100.00	.67	181

TABULATION B.—*Calfskin tanners' sources of supply in 1923*

Schultz No.	Manufacturers					Distributors					Number of actual manufacturers recorded in 1923 census
	Number of sales	Number of manufacturers	Quantity sold	Value	Average price	Number of sales	Number of distributors	Quantity sold	Value	Average price	
			<i>Pounds</i>					<i>Pounds</i>			
Black.....	23	5	103,535	\$40,790	\$.38	11	6	72,460	\$42,373	\$.57	19
462.....	6	2	42,210	14,194	.34	8	5	49,059	28,065	.57	10
700.....	17	4	61,325	26,596	.43	2	2	8,401	3,808	.45	6
217.....						1	1	15,000	10,500	.70	15
Brown.....	30	4	133,285	69,237	.60	9	3	34,473	24,855	.69	17
284.....	17	4	103,865	46,972	.45	3	3	14,753	7,407	.50	13
211.....	13	2	29,420	22,265	.75	6	2	19,720	17,448	.88	10
Yellow.....	19	4	50,404	84,708	1.17	13	6	15,460	21,664	1.11	13
606.....	12	3	50,404	77,785	1.54	10	5	12,360	18,874	1.53	4
134.....	6	4	8,700	6,563	.76	2	2	1,600	1,140	.71	7
23.....	1	1	300	360	1.20	1	1	1,500	1,650	1.10	7
Orange.....	9	3	28,340	8,062	.28	2	1	2,500	810	.32	12
145.....	9	3	28,340	8,062	.28	2	1	2,500	810	.32	12
Red.....	30	5	17,182	17,616	1.03	1	1	3,000	2,100	.70	12
161.....	10	5	6,685	4,555	.68	1	1	3,000	2,100	.70	10
679.....	14	2	6,747	9,011	1.34						3
227.....	6	2	3,750	4,127	1.10						5
Blue.....	5	1	3,064	3,710	1.21	13	6	5,010	5,402	1.08	4
659.....	5	1	3,064	3,710	1.21	13	6	5,010	5,402	1.08	4
Violet.....	12	3	2,889	3,429	1.18	4	1	766	1,706	2.22	8
515.....	12	3	2,889	3,429	1.18	4	1	766	1,706	2.22	8
Total.....	128	6	347,700	227,629	.65	53	14	133,669	98,910	.74	33

A differentiation has been made between manufacturer and distributor inasmuch as some of the reports and samples from abroad have so distinguished them, and it was not considered that a fair comparison as to price and quality could be made otherwise. However, the term "distributor" requires a qualification.

1. Four dye manufacturers are recorded among the distributors as well, as they are not recorded manufacturers of certain of the dyes, for which they have been reported as sources.

2. Six manufacturers do not market any of these products direct to the consumer but exclusively through distributors, and there should be no material difference in the price, quality, and service of such distributors and that which would be accorded by the manufacturers themselves marketing directly.

3. The other 21 recorded manufacturers in the 1923 census of the United States Tariff Commission are not mentioned as sources in any of the reports submitted by the tanners, and it is not improbable that the output of some of these manufacturers is marketed through the recorded distributors, while the identity of the manufacturer is not known. The cheaper cost to the tanners of phosphine, metanil yellow, tartrazine, and methylene blue, purchased from those recorded as distributors in contrast to purchase from the manufacturers,

would strongly indicate that they are, in the main, distributors of nonmerchandising manufacturers and not selling a diluted product or distressed lots.

4. Further, all the dyes reported upon are of domestic production. In fact, all of the dyes listed with the exception of methylene blue and phosphine were manufactured in the United States prior to 1914.

CALF TANNERS' REQUIREMENTS RELATIVE TO ALL COAL-TAR DYES

Supplementary information furnished by the tanners disclosed the fact that of the 14 specified dyes no tanner was purchasing all of them, whereas the 20 firms purchased as follows:

Two firms purchased 11 of the 14 specified dyes.

Three firms purchased 10 of the 14 specified dyes.

Five firms purchased 9 of the 14 specified dyes.

Two firms purchased 8 of the 14 specified dyes.

Two firms purchased 7 of the 14 specified dyes.

One firm purchased 6 of the 14 specified dyes.

Two firms purchased 5 of the 14 specified dyes.

One firm purchased 4 of the 14 specified dyes.

One firm purchased 3 of the 14 specified dyes.

One firm purchased 2 of the 14 specified dyes.

Further, the entire dye requirements of some firms were met by these dyes. One firm recorded as a consumer of 9 of the specified dyes reports that this constitutes but 16 per cent of the total number, 80 per cent of the total quantity, and 51 per cent of the value of dyes consumed by them.

In the aggregate, however, these dyes constitute approximately 70 per cent of the total number, 90 per cent of the total quantity and value of all dyes consumed by the calf tanners.

OUTSTANDING FEATURES OF THE ANALYSIS. (SEE TABULATIONS A AND B)

1. The total dye requirements of the calf tanners accounted for less than three-fifths of 1 per cent of the total United States production of dyes which, according to the United States Tariff Commission, "Census of dyes and coal-tar products, 1923," amounted to 93,000,000 pounds.

2. The average annual consumption of the 14 listed dyes by each tanner was 24,068 pounds, yet but seven firms purchased in excess of the average, and five firms purchased over one-half of the total quantity. The largest consumer required about six times that of the smallest.

3. There was a minimum of 181 sales transactions for these requirements, or approximately 2,660 pounds per sale, over 75 per cent of which transactions, however, were for quantities below this figure which, in the aggregate, amounted to but 20 per cent of the total quantity of the specified dyes purchased by the tanners. A little less than three-fourths of the total transactions were with six dye manufacturers, of a possible 33 manufacturing sources, who supplied over 70 per cent of the calf tanners' requirements of these dyes.

4. Of the listed 14 dyes, 6 constitute about seven-eighths of the tanning requirements and expenditure for dyes. Two of these are the blacks, the two browns, one yellow, and one orange. This shows the relative unimportance of the other eight dyes, and, bearing in mind what has been said in the preceding section entitled "Requirements relative to all coal-tar dyes," should materially narrow the scope for comparison and deduction.

5. The average price per pound of all dyes used by the calf tanners, irrespective of comparability of strength, quality, or source, and based solely upon the total quantity consumed and the value, was 67 cents per pound. The purchases from manufacturing sources, however, were obtained at 65 cents per pound in comparison with 74 cents paid to the distributor sources.

CONCLUSION BASED UPON FEATURES PRESENTED

Considering the relative unimportance of this industry as a consumer of dyestuffs as shown in feature No. 1.

The relatively few large consumers, the large aggregate of individual sales transactions, and the wide distribution of these orders among the suppliers, as shown in features Nos. 2 and 3 and Tabulation C.

Nevertheless, the tanners filled about 98 per cent of their requirements at general average prices, irrespective of source, 11 per cent below the market value recorded in the Tariff Commission's census for 1923. In fact, the 70 per cent of their supply obtained from the recorded manufacturers was at 18 per cent below such market value, as shown in Tabulation E.

This no doubt was in no small measure due to the fact that 6 dyes made up seven-eighths of their requirements, as shown in feature No. 4, that the six manufacturing suppliers enjoyed 70 per cent of the total requirements, that 45 transactions or 25 per cent of the total number of dye purchases accounted for 80 per cent of their total requirements, and that foresight as to annual requirements was exercised at least by the five tanners whose purchases made up 50 per cent of the entire requirements of the calf tanners as reflected in Tabulation D.

The average purchase price of each of the dyes from manufacturing and distribution sources, compared with the sales prices recorded in the Tariff Commission census for 1923, is presented in the Tabulation E. This comparison is presented on a percentage basis for a more ready comprehension. Where prices paid by a tanner are above the scheduled value, it is no doubt due to many small purchases, made as required.

TABULATION C.—Number of purchases made by the tanners from the 16 sources of supply

[Letters designate dye suppliers. Roman Numerals designate calf tanners.]

Suppliers	Tanners										
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
A	5	1	4	6		2	2	6	2	11	3
B	2	3	7		2	2	1		10		
C	3	1				1	1			1	1
D				1		2		1	7		1
E	1										1
F	1					1					
G					2			2			3
H	5						1				
J											
K	1										
L							1				
M											
N								1			
P	1										
Q											
R											
Total transactions.	24	5	11	7	4	8	6	10	19	12	9

Suppliers	Tanners									Total transactions
	XII	XIII	XIV	XV	XVI	XVII	XVIII	XIX	XX	
A	6		3	1	5		4	10	6	77
B						3				30
C			2						1	11
D	3		1	9						30
E										2
F		2								4
G										7
H			1				1	1		9
J						2				2
K			1							2
L					1					2
M							1			1
N										1
P										1
Q	1									1
R						1				
Total transactions.	10	2	8	10	9	3	6	11	7	181

The price quotations requested from the tanners and domestic and foreign dye producers were to be based upon 100-pound lots. It is evident from the following that 9 per cent of their transactions were for quantities of 10 to 50 pounds and an additional 11 per cent were for but 100 pounds, making a total of 20 per cent at or below this minimum quantity. This proportion would logically be purchased at a maximum price.

TABULATION D.—*Tanners' purchase transactions in terms of purchase units of 100 pounds*

	Less than 1,000 pounds	1,000 pounds	2,000 pounds	3,000 pounds	4,000 pounds	5,000 pounds	6,000 pounds	7,000 pounds	8,000 pounds	10,000 pounds	11,000 pounds	12,000 pounds	14,000 pounds	15,000 pounds	17,000 pounds	20,000 pounds	31,000 pounds	Total
10-50-pound lots.....	16	12	9	4	1	1	4	2	3	4	1	2	2	1	2	3	1	---
100-pound lots.....	19	---	1	1	---	1	---	---	---	---	---	---	---	---	---	---	---	---
200-pound lots.....	14	3	1	---	---	1	---	---	---	---	---	---	---	---	---	---	---	---
300-pound lots.....	11	---	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
400-pound lots.....	6	---	---	---	---	2	---	---	---	---	---	---	---	---	---	---	---	---
500-pound lots.....	12	12	3	1	1	---	2	---	---	---	---	---	---	---	---	---	---	---
600-pound lots.....	5	2	3	2	---	---	---	---	---	---	---	---	---	---	---	---	---	---
700-pound lots.....	2	2	1	---	1	---	---	---	---	---	---	---	---	---	---	---	---	---
800-pound lots.....	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
900-pound lots.....	1	---	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Total.....	87	31	20	8	3	5	6	2	3	4	1	2	2	1	2	3	1	181

TABULATION E.—*Comparison of average purchase price of each dye from manufacturer and distributor sources*

Schultz No.	Name of dye	Price, Tariff Commis- sion: census, 1923	General average price	Per cent	Manufac- turer's average price	Per cent	Distribu- tor's average price	Per cent
462	Direct deep black E. W.....	\$0.43	\$0.46	6.9	\$0.34	-20.9	\$0.57	32.5
700	Nigrosine W. S.....	.46	.43	-6.5	.43	-6.5	.45	-2.1
217	Agalma black.....	.71	.70	-1.4	---	---	.70	-1.4
284	Bismark brown.....	.58	.45	-22.4	.45	-22.4	.50	-13.7
211	Resorcin brown.....	.80	.80	---	.75	-6.2	.88	10.0
606	Phosphine G, 2G, 3R..	1.93	1.54	-20.2	1.54	-20.2	1.53	-20.7
134	Metanil yellow.....	.80	.75	-6.2	.76	-5.0	.71	-11.2
23	Tartrazine.....	.87	1.10	26.4	1.20	37.9	1.10	26.4
145	Orange.....	.29	.29	-21.6	.28	-24.3	.32	-13.5
161	Fast red A.....	.37	.68	-12.8	.68	-12.8	.70	-10.2
679	Saffranine.....	1.45	1.34	-7.5	1.34	-7.5	---	---
227	Croceine scarlet.....	1.09	1.10	.9	1.10	.9	---	---
659	Methylene blue.....	1.47	1.12	-23.8	1.21	-17.6	1.08	-26.5
515	Methyl violet.....	1.25	1.40	12.0	1.18	-5.6	2.22	-2.4
	Average.....	---	---	-11	---	-18	---	---

It is clearly evident from the foregoing that our comparison with foreign sources of supply might well be confined to the 6 major dye requirements out of the 14, and further that the quotations of manufacturers alone be our basis.

COST OF DYES USED BY FOREIGN COMPETITORS

BELGIUM AND HOLLAND

According to S. H. Cross, commercial attaché at Brussels, Belgium, and The Hague, Holland, "there is no manufacture of dyes in Belgium or Holland. Those used by the calf tanners are almost exclusively of German origin, coming mainly from the B. A. S. F., Bayer and Agfa factories. The colors listed for investigation are universally known and used by the trade. Owing to the concentration of the Belgian dye business in the hands of the official brokers, all local calf leather tanners buy from the same firms and pay the same prices, so there would be no variation from factory to factory.

There is little likelihood of these dyes being sold in Belgium or Holland at other than current German market price. The calfskin production in Belgium is mostly blacks, one-fourth of which is exported. However, this is in the face of severe competition from Germany. Holland exports four-fifths of her products to Germany, Belgium, Great Britain, and 10 per cent to the United States. A set of dye samples of German origin was submitted together with quotations as applicable to both Belgium and Holland."

CZECHOSLOVAKIA

Mr. H. Lawrence Groves, American commercial attaché, at Prague, Czechoslovakia, states:

Dyestuffs used by the Czechoslovak tanners are almost exclusively aniline dyes which are imported from Germany. Pigment colors are used to a small extent for dyeing the lowest grades of box calf.

Unfortunately I have thus far been unable to get samples or prices for these dyestuffs. The dyestuffs produced by the German firm of Kalle & Co., at Beibrich a/Rh., Germany, include the principal dyes used by the Czechoslovak tanners.

AUSTRIA

Mr. William Ford Upson, commercial attaché, Vienna, Austria, states that the chemicals, including dyes, used by the calf tanners come from Germany. Mostly black dyed skins are produced. They are higher in price than the finished American product and hence only adjacent markets are Austria's outlet. American colored calfs are going into Austria, whereas none of their products is exported to the United States. Inability to compete even locally has resulted in the utilization of but one-half of their present capacity. No samples or quotations were obtainable.

GREAT BRITAIN

Mr. Paul S. Guinn, office of the commercial attaché, London, England, states that all these colors are used in the calf leather trade. The colors are all made in Great Britain, being generally considered "bread and butter" lines by the dye manufacturers. The chief producers are the British Dyestuffs Corporation, L. B. Holliday & Co., Levinstein (Ltd.), Sandoz Chemical Co. (Ltd.), and the Clayton Aniline Co. (Ltd.). It might be of interest to know that none of these dyes are allowed to be imported into Great Britain, being ruled out under the key industries section of the safeguarding of industries act, as well as the reparation dyes agreement. It is the practice for consumers to place forward contracts for from 3 to 6 months for these goods. Great Britain's production of dyed calfskins is inadequate to meet its demand, meeting but 20 to 40 per cent of its need, which is held down by imports from Germany, France, and the United States. Samples and quotations on British-made dyes used by the calf tanners were forwarded.

FRANCE

The report from Acting Commercial Attaché Butler, Paris, France, has been delayed pending his obtaining samples and quotations of the dyes used by the French tanners.

GERMANY

All of the specified dyes are used by the German tanners and constitute the majority of such dyes used. Samples and quotations were received of the German dyes.

SUMMARY

Since the dyes used by the Belgian, Dutch, Czechoslovakian, and Austrian calf tanners are of German origin, and the eventual cost to the tanners in these countries is no doubt subject to a distributor's profit in addition, and considering the absence of French data, we shall confine our comparison to English and German origin with that of the United States. With this object in view, all samples received were submitted for comparison of value to the dye laboratory of the Bureau of Standards. Inasmuch as over 200 samples have been received to date, it will not be possible to incorporate an actual value comparison in this report. The quotations as rendered are presented in tabulation F and will be revised, if desired, upon receipt of analytical data. Without this analysis any price advantage accruing to the consumers in these countries or the countries that they supply can not be made at this time.

DYES AS A COST ELEMENT IN DYED CALFSKINS

In view of this unavoidable delay, we have endeavored to establish the relative importance of dyes as an element in the cost of preparing a dyed calfskin.

The Calf Tanners' Association is on record to the effect that the relative cost of dyeing a square foot of calfskin, exclusive of labor, is $2\frac{1}{2}$ mils per square foot.

The same question placed before two of our large dye manufacturers was answered as follows:

The dyestuffs cost four-tenths to five-tenths of a cent, and the mordant and chemicals used come to approximately the same amount. These figures are for medium tan shades, and they will run a trifle higher for a dark shade and a trifle lower for a light shade. A black shade runs approximately three-tenths of a cent a square foot.

The second was more detailed and read as follows:

The figures submitted below are based on the dyeing and coloring of such stocks in 100-pound units (1,000 square feet per 100 pounds)—shaved weight—usual custom:

Light shades:

Sumac extract.....	\$0. 39
Cutch extract.....	. 10½
Dye.....	1. 02
Tartar emetic.....	. 84
Per 100 pounds=1,000 square feet.....	<u>2. 35½</u>

Medium shades:

Sumac extract.....	. 39
Cutch extract.....	. 10½
Logwood extract.....	. 24
Dye.....	1. 95
Tartar emetic.....	. 84
Per 100 pounds=1,000 square feet.....	<u>3. 52½</u>

Heavy shades:

Sumac extract.....	\$0. 39
Cutch extract.....	. 14
Logwood extract.....	. 24
Dye.....	3. 82
Tartar emetic.....	1. 12

Per 100 pounds=1,000 square feet..... 5. 71

In brief, the cost of the dye per square foot for each shade was approximately one-tenth, two-tenths and four-tenths of a cent, respectively, assuming the maximum cost of five-tenths of one-half cent per square foot, as rendered by the dye manufacturers, which is 100 per cent greater than the cost claimed by the tanners.

And, secondly, if the cost of a raw hide averaged about 18 cents per square foot, the finished hide sells for 38 cents per square foot, we have a processing cost inclusive of labor and material, etc., of 20 cents per square foot.

Therefore, the dye cost would represent but $2\frac{1}{2}$ per cent of the total processing cost.

DEDUCTION

To compensate for this increase factor which we have introduced of 100 per cent, all the German or English dyes would have to be either twice as concentrated, sell for one-half the price, or some combination of these factors which would render it superior to the domestic product. There is no indication of this in evidence in tabulation F. On the contrary, the prices are comparable, if anything, particularly with the major dyes; the prices of the American suppliers are lower, and no doubt the concentration and qualities are proportional to the quotations. At the worst, however, any differential less than 100 per cent in favor of a foreign source of supply would, therefore, not affect this deduction. Even any reasonable difference greater than 100 per cent would not materially increase the total processing cost.

TABULATION F

Dye number	Possible domestic manufacturers	Requested to quote		Quotations (Aug. 1, 1924)				Tanners' purchase price from manufacturers
		Manu- facturers	District	United States	Germany	England	France	
462 ¹	10	7	5	0.35	0.39	0.45	0.45	0.34
700 ¹	6	4	5	.45	.39	.45	.45	.43
217.....	15	9	5	.67	.60	.68	.53	.70
284 ¹	13	9	4	.48	.62	.45	.91	.45
211 ¹	10	6	5	.75	1.01	.51	-----	.75
606 ¹	4	4	2	1.65	1.50	1.57	-----	1.54
134.....	7	7	4	.72	.72	.90	.43	.71
23.....	7	4	5	.75	.64	.74	.81	1.20
145 ¹	12	9	5	.32	.34	.30	.28	.28
161.....	10	8	4	.70	.36	.68	.30	.68
679.....	3	2	7	1.35	1.46	1.69	1.43	1.34
227.....	5	5	5	1.10	1.56	1.01	.63	1.10
659.....	4	4	7	1.25	1.51	1.28	1.24	1.21
515.....	8	4	6	1.15	.90	1.52	1.77	1.18

¹Six major dyes.

X. "Are the European calf tanners establishing agencies throughout the United States to exploit the sale of their calf leathers?"

Yes. The answer to this question is in the affirmative. In response to inquiries it has been found that 20 foreign firms are established in the United States in the sale of foreign calf leather. These firms operate through either their own direct representatives or established agents. The offices of these representatives or agents are in New York or Boston. From these offices the shoe manufacturing centers of the country are pretty thoroughly covered.

XI. "Have European countries during the past year maintained an embargo or export tariff on raw calfskins offered for shipment to the United States?"

Holland.—There have been no embargoes or duties on exportation of hides, skins, leathers, or shoes for some years. There is a restriction on importation of leather footwear from certain markets; as it works out, however, American footwear is understood not to be affected.

United Kingdom.—No.

Germany.—Yes. There are no export taxes, but each individual transaction is subject to the obtaining of a special permit, which is practically impossible to obtain. There is a small fee of three-tenths of 1 per cent ad valorem for such export licenses as are issued.

Belgium and Luxembourg.—No.

France.—Yes. Export restrictions were established by a decree of January 25, 1924.

An export duty of 10 per cent ad valorem was established by a decree of April 7, 1924, and suspended by a decree of May 26, 1924.

The granting of export licenses was suspended temporarily on June 6, 1924.

Italy.—Yes. There had been no embargo on these products for several years, until a recent decree, effective October 1, limited the exportation of calfskins to 1,900 metric tons per year, to be allocated in varying quantities among the different foreign markets.

There are no export duties on hides, skins, or leather footwear, nor have there been since soon after peace was declared.

Austria.—Yes. It is understood that there is no export tax, for although there was an export duty on raw hides of 5 crowns per 100 kilos, effective November 9, 1922, a list of all export duties, dated March 4, 1924, did not mention such a tax. This is doubted because exports of raw hides are subject to the requirement of a joint license from the ministry of finance and the union of leather users, and according to the latter's statement no exports whatever are being authorized.

Czechoslovakia.—Yes. According to a decree issued by the Czechoslovak Minister of Commerce, July 20, 1922, the exportation of raw skins is prohibited. Information, which is not regarded as official, dated January 6, 1924, gives rates of from 1 to 10 per cent ad valorem upon such skins as are allowed to be exported from Czechoslovakia.

Poland.—Yes. Export restrictions were established in 1922 and have been maintained since that time.

Calfskins, weighing less than 3 kilos, have recently been allowed exportation without restrictions, subject to an export tax of 17 zloty per 100 kilos.

Yugoslavia.—Yes. There is an export duty of 1,000 dinars per 100 kilos.

Bulgaria.—Yes. A statement of the export duties in gold leva per 100 kilos (gross and net) on the products concerned follows:

Tariff No. 12. Skins, raw, fresh, salted or dried:

(a) From big cattle—	
1. Wet salted (gross)-----	30
2. Dry salted (net)-----	60
3. Dry nonsalted (net)-----	90
(b) From small animals—	
1. Lambskins (gross)-----	15
2. Sheep and ram skins (gross)-----	20
3. Goatskins (net)-----	45
4. Kid skins (net)-----	55
5. Others (gross)-----	30

Latvia.—Yes. The Government monopoly on hides and leather was abandoned August 15, 1921 and export duties were substituted, which vary from time to time, according to the kind of skins. Export duties on hides and skins are still in effect.

Esthonia.—No.

Lithuania.—Yes. There is no prohibition or restriction of the exportation of these products from Lithuania.

Export duties on hides (except goatskins) are still in effect.

Calfskins, 5.20 lits per 100 kilos.

Calfskins, dried, 13 lits per 100 kilos.

NOTE.—For values of unusual currency see Appendix C.

XII. "Do certain European countries enable their own calf tanners to buy raw calfskins at lower prices than the tanners of the United States can buy them?"

Yes and no. The only governmental action designed to this end in any of these European countries, to the best of our knowledge, is preferential treatment of colonial hides in France and Italy.

French legislation provides for preferential treatment, or free entry, into the country of contingents of certain colonial products. In the list of commodities allowed free entry into France from French Morocco for the year beginning June 1, 1924, appears an item of 37,500 kilos of hides.

By Italian legislation, 1,000 tons of hides and skins may be annually imported into Italy from her colonies free of all duty.

XIII. "Is labor an important factor in the tanning of calf leather?"

Inasmuch as the fact finding relative to the above question is not within the jurisdiction of the Department of Commerce, the Tariff Commission has been asked to answer this question. (See response of Tariff Commission in later pages of this report.)

XIV. "To what extent have the importations of calf leather in the United States from Canada increased in the past three years?"

By reference to the tables shown under question IV it will be seen that the imports of calf leather from Canada amounted to \$750,710 in 1921. In 1922 the value of these imports dropped slightly, to \$677,706. In 1923, however, the value of imports increased enormously, reaching a total of \$1,086,642. The value of the imports for the first six months of this year amounted to \$520,793 and indicate that the total for the year will, in all probability, be at least equal in value to the total value of the imports for the previous year.

NOTE.—The information regarding the calf-leather industry in the European countries was obtained through the efforts of the commercial attachés in charge of the respective foreign offices of the Bureau of Foreign and Domestic Commerce.

XV. "Does Canada have a heavy duty on calf leathers shipped there from the United States?"

Yes. There is a general import duty of 15 per cent of the home market value on calf leather from all sources except the British Empire, exclusive of Newfoundland and Australia, on which the duty is 12½ per cent. In addition, there is a sales tax of 5 per cent, which may be waived if the leather is consigned to certain licensed manufacturers in Canada.

XVI. "To what extent is Canadian labor paid less than the labor in the calf tanneries of the United States?"

Inasmuch as the fact finding relative to the above question is not within the jurisdiction of the Department of Commerce, the Tariff Commission has been asked to answer this question. (See response of Tariff Commission to this question and also Question 17 in later pages of this report.)

APPENDIX A

*Imports of calf upper leather into the United States 1910—First half 1924 (in dollars)*¹

[Five largest countries are listed; others included in "All other"]

	1910	1911	1912	1913	1914 ²	1916
France.....	75,690	59,335	41,988	34,966	7,792	70,589
Germany.....	109,389	98,475	66,093	71,029	7,377	
Russia in Europe.....	1,757					
Spain.....	11,782	13,353	8,202	9,298	4,840	2,323
England.....	69,324	12,595	28,217	9,733	709	125,138
Scotland.....						3,453
Canada.....		511	301	2,469	285	829,274
All other.....	1,640	75	7	240	1	922
Total.....	269,582	184,344	144,808	127,735	21,004	1,031,699

	1917	Fiscal year 1918	July-Dec., 1918	1919	1920	1921
Belgium.....						85,678
France.....	103,772	8,638		12,320	83,343	131,842
Germany.....						113,485
Netherlands.....				134		119,238
Spain.....	2,581					
England.....	85,436	5,518		84,514	378,541	
Scotland.....	3,819	1,424		9,920	78,276	
Canada.....	927,440	1,517,190	160,185	1,042,395	601,730	750,710
Chile.....					209,309	
British India.....	17,271					
Japan.....		34,747	38,529			
Australia.....		4,545				
All other.....	410			10	60,367	109,578
Total.....	1,140,729	1,572,062	198,714	1,149,293	1,431,566	1,310,531

	1922	1923	Jan.-June 1924
Czechoslovakia.....		9,042	67,852
France.....	39,692	166,783	37,297
Germany.....	226,065	289,614	105,015
Netherlands.....	533,404	893,187	422,239
England.....	117,277	301,621	376,270
Scotland.....	192,338	64,026	23,058
Canada.....	677,706	1,086,642	520,793
All other.....	10,171	39,493	35,002
Total.....	1,796,653	2,850,408	1,587,526

¹ From 1910 to 1914 the classification was "Calfskins tanned or tanned and dressed." From 1916 on the classification was "Calf and kip upper."

² Figures for 1914 cover period July 1 to Oct. 3, 1913 inclusive.

NOTE.—For the years 1910-1918 the figures are for fiscal years ending June 30 of the year designated. Since and including 1919 the figures are for calendar years.

APPENDIX B

Exports of calf and kip upper leather, 1911, to first six months of 1924 (in dollars) ¹

[Prior to 1911 calf upper was included under "All other upper leather"]

	1911	1912	1913	1914	1915	1916	1917
France.....	97,317	203,919	251,564	207,821	-----	375,094	630,380
Germany.....	385,993	294,688	502,483	373,488	-----	-----	-----
Netherlands.....	113,261	129,209	-----	106,641	-----	-----	-----
Norway.....	-----	-----	-----	-----	103,176	-----	-----
Russia in Europe.....	-----	-----	-----	-----	-----	-----	657,810
Spain.....	-----	-----	-----	-----	-----	304,673	458,541
Sweden.....	-----	-----	-----	-----	222,394	-----	-----
England.....	573,171	383,661	471,118	506,901	477,696	2,379,967	2,434,384
Canada.....	-----	-----	148,252	-----	-----	-----	-----
Cuba.....	-----	-----	-----	195,116	121,593	-----	-----
Argentina.....	-----	-----	-----	-----	-----	534,165	-----
Brazil.....	77,357	81,755	144,407	-----	202,540	681,264	1,179,679
All others.....	644,958	693,339	875,037	785,295	740,694	1,940,848	2,868,744
Total.....	1,892,057	1,786,571	2,392,861	2,175,262	1,868,093	6,216,011	8,229,038

	Fiscal year 1918	July- December, 1918	1919	1920	1921	1922
France.....	708,480	399,356	4,073,027	1,341,779	274,286	211,591
Greece.....	-----	-----	2,076,723	-----	-----	-----
Italy.....	1,854,375	540,837	-----	700,345	-----	-----
Portugal.....	453,739	260,537	-----	1,231,535	-----	207,886
Spain.....	-----	265,705	1,642,118	-----	209,455	268,107
England.....	1,380,463	-----	12,497,137	2,542,046	2,239,342	4,585,614
Canada.....	-----	-----	-----	-----	208,995	-----
Brazil.....	847,072	271,533	1,888,342	1,129,324	-----	-----
Japan.....	-----	-----	-----	-----	288,639	499,988
All others.....	2,310,431	3,579,081	9,641,891	5,299,705	1,254,896	1,628,847
Total.....	7,554,560	5,317,049	31,819,238	12,244,734	4,475,613	7,402,033

	1923	1924, January- June ²
Germany.....	-----	367,694
Spain.....	398,463	-----
Switzerland.....	268,702	261,813
England.....	2,350,592	1,774,467
Brazil.....	208,003	183,467
Japan.....	601,949	408,995
All others.....	1,854,644	1,225,911
Total.....	5,682,353	4,222,347

¹ The statistics for the years 1911 to 1918 are for fiscal years ending June 30 of the year designated. From 1919 on the figures are for calendar years.² Figures for the first six months of 1924 are preliminary.

APPENDIX TO QUESTION V

FOREIGN IMPORT DUTIES ON LEATHER

"Do those countries exporting leather to the United States have a tariff against our calf-leather products?"

United Kingdom.—No import duties are collected upon the importation into the United Kingdom of either calfskins, calf leather or shoes of such leather.

Holland.—A statement of the Dutch duties on the products concerned follows.

Tariff No.	Item	Ad valorem
118	Hides and leather: Prepared furs, hides, and skins dressed with the hair..... Shoemakers' work and leather not specified..... (Based on c. i. f. value, port of entry.)	Per cent 5 5

GERMANY

A statement of the German duties on the products concerned follows.

While the duties are stated in gold marks, it is understood that they are actually paid in paper currency at current rates of exchange. The unit of weight in Germany, as in most European countries, is the kilo, equivalent to 2.2046 pounds.

Tariff No.	Item	Gold marks per 100 kilos
Ex 153	Calfskins and calf upper leathers: Raw calfskins (Leather, half or entirely dressed, whether prepared or not, not otherwise mentioned, including calfskins).....	Free.
545	Of a net weight of more than 3 kilos each piece— Entire hides or half hides, with the heads, necks, bellies and hoof unseparated; head, neck, and belly pieces, and hoofs, as well as horse shields, without regard to weight of the pieces; pig leather without regard to the weight of the pieces.....	
546	Band leather.....	30
547	Of a net weight of from 1 to 3 kilos, each piece.....	36
	Of a net weight of less than 1 kilo, each piece.....	40
		50

BELGIUM AND LUXEMBURG

A statement of the Belgian duties on the products concerned follows.

The duties are stated and payable in paper francs, the value of which varies with current exchange.

Tariff No.	Item	Import duty
Ex 48	Hides and skins:	
	Raw and parchment, including large hides and small skins, green, salted, or dried, raw or unprepared fur skins, as well as shaved or unseasoned hides.	Free.
	Goat and sheep skins, tanned with the hair, and kid skins, tanned with the hair.	Free.
	Fur skins, prepared.....	5 per cent ad valorem.
	Hides and skins otherwise prepared:	
	Large hides and skins and calf skins simply blackened or dyed black and tallowed; goat, kid, sheep and other small skins.	75 paper francs per 100 kilos net.
	Not specially mentioned—	
	Whole hides or skins.....	52.50 paper francs per 100 kilos, net.
	Backs.....	60 paper francs per 100 kilos, net.
	Other parts, head, belly.....	45 paper francs per 100 kilos, net.
	Manufactured hides and skins not specially mentioned in the tariff, including boots and shoes.	10 per cent ad valorem.
462	Hides and skins, tanned and curried, in the hair, not dressed, for furs..	45 paper francs per 100 kilos.
463	Hides and skins, chamois-dressed or tanned with formol, dyed or not.	300 paper francs per 100 kilos.
464	Parchment dressed hides and skins, parchments and vellums.....	90 paper francs per 100 kilos.
465	Hides and skins of all kinds, bronzed, gilt, silvered, painted, or with designs and ornamentations in relief.	300 paper francs per 100 kilos.
466	Hides and skins painted or moroccoed, not mentioned elsewhere—	
	(a) Skins of goats, kids, and sheep, and other small skins, as well as imitations thereof.	180 paper francs per 100 kilos.
	(b) Others—	
	1. Dyed black.....	120 paper francs per 100 kilos.
	2. Dyed in other colors.....	150 paper francs per 100 kilos.
467	Hides and skins varnished or lacquered.....	37½ paper francs per 100 kilos.

BELGIUM

Tariff No.	Item	Proposed import duty ¹
468	Hides and skins otherwise prepared (tanned, tawed, or curried):	<i>Paper francs per 100 kilos</i>
	(a) Skins of goats, kids, sheep, and other small skins.....	90
	(b) Not specified—	
	1. Whole skins.....	75
	2. Backs and butts.....	90
	3. Waste.....	60
473	Uppers for top-boots and boots, galosh leather, vamps, books, gaiters, etc., cumbered or not, pinked, stitched, lined, or in cut-out pieces:	
	(a) Wholly or partially of varnished leather.....	420
	(b) Others.....	300

¹ The new Belgian tariff is expected to become effective in November of this year.

NOTE.—Ad valorem duties are based on c. i. f. value, port of entry.

FRANCE

Translation of an extract from the French tariff, showing the classification and rates of duty believed pertinent to this investigation, is presented herewith. The duties are stated and payable in paper francs the value of which varies with current exchange.

It will be noted that on most of these articles the rate for products from the United States is intermediate between the minimum and general rates of the French tariff.

Tariff No.	Item	Paper francs per 100 kilos		
		General	Minimum	Rate to United States
	HIDES AND SKINS, PREPARED			
476	By vegetable tanning or tawed:			
	Merely tanned or tawed—			
	Goat, kid, sheep, and lamb skins.....	112. 00	1 28. 00	1 42. 00
	Other—			
	Neither split nor fleshed.....	280. 00	1 70. 00	140. 00
	Untrimmed.....	280. 00	1 70. 00	140. 00
	Backs.....	358. 40	89. 60	168. 00
	Leavings and flesh splits.....	201. 60	1 50. 40	112. 00
	Split or fleshed—			
	Untrimmed.....	313. 60	78. 40	168. 00
	Backs.....	392. 00	98. 00	196. 00
	Leavings and flesh splits.....	235. 20	1 58. 80	140. 00
	Curried—			
	1. Calfskins, waxed or ready to be waxed, but not having undergone any of the processes mentioned in the following paragraph.....	600. 00	2 150. 00	-----
	2. Goat, kid, sheep, lamb, calf, and other skins of natural color, dyed or blackened in the bath or by the brush, sleeked, grained, checkered, stamped, moroccoed, glossed, or dulled.....	744. 00	186. 00	279. 00
	3. Cow and other hides, dyed or blackened in the bath or by the brush, sleeked, grained, checkered, stamped, moroccoed, glossed, or dull.....	580. 00	145. 00	203. 00
	4. Trimmed for fine saddlery, and pigskins, of natural color, black, browned, or dyed.....	480. 00	120. 00	225. 00
	5. Sheepskins, prepared in Europe or elsewhere from raw skins from non-European countries, not pared, dyed, dull, or sleeked, for shoe linings, etc.....	648. 00	162. 00	252. 00
	Mineral tanned, other than those exclusively alum tanned:			
	Merely tanned or tawed—			
	Goat, kid, sheep, and lamb skins.....	183. 60	1 45. 90	1 76. 50
	Other—			
	Neither split nor fleshed—			
	1. Untrimmed.....	412. 50	103. 125	231. 00
	2. Backs.....	528. 00	132. 00	277. 20
	3. Leavings and flesh splits.....	297. 00	1 74. 25	184. 80
	Split or fleshed—			
	1. Untrimmed.....	462. 00	115. 20	277. 20
	2. Backs.....	577. 50	144. 375	323. 40
	3. Leavings and flesh splits.....	346. 50	86. 625	231. 00
	Curried—			
	1. See above description.....	825. 00	206. 25	346. 50
	2. Goat, kid, sheep, and lamb.....	1, 101. 60	275. 40	459. 00
	Calf and other small skins.....	990. 00	247. 50	415. 80
	3. See above descriptions.....	825. 00	206. 25	369. 60
	4. See above descriptions.....	660. 00	165. 00	346. 50
	5. See above descriptions.....	742. 50	185. 625	369. 60
	Patent leather, prepared:			
	By vegetable tanning.....	2, 500. 00	625. 00	950. 00
	Mineral tanned, other than those exclusively alum tanned—			
	Goat, kid, sheep, and lamb skins.....	2, 937. 50	734. 35	1, 187. 50
	Other.....	2, 812. 50	703. 10	1, 140. 00
	Chamois or parchment, dyed or not, tawed-dyed.....	1, 008. 00	252. 00	310. 80
	By vegetable tanning.....	256. 00	64. 00	96. 00
	Mineral tanned, other than those exclusively alum tanned.....	320. 00	80. 00	168. 00

¹ Gross weight; all others net weight.

² Applies to imports from United States.

ITALY

A statement of the Italian duties on the products concerned follows:

It will be noted that while the duties are stated in gold lire, they are payable in paper currency at a rate of conversion set weekly by the Italian Government in accordance with current exchange. The current rate of conversion between the paper and gold lira is about $4\frac{1}{2}$ to 1.

Where more than one rate of duty is indicated against the item, the conventional rate applies to products from the United States.

Tariff No.		Gold lire per 100 kilos	
		General	Conventional
809	Hides and skins, tanned without the hair, finished or not, except parchment: (a) Ox, cow, and other large hides, whole or split, dyed or not, even varnished, grained, stamped, "sbalzate" or worked in any other manner— 1. Split or shaved to an even thickness— (a) Of mineral or mixed tanning..... (cxa) Chrome tanned..... (b) Otherwise tanned..... 2. Sole leather— (a) Of mineral or mixed tanning..... (cxa) Chrome tanned..... (b) Otherwise tanned..... 3. Other— (a) Of mineral or mixed tanning..... (b) Otherwise tanned..... (b) Calf and other small cattle or horse skins, whole or split— 1. Not dyed or dyed black, simply smoothed even grained, stamped, but not otherwise worked— (a) Of mineral or mixed tanning..... (b) Otherwise tanned..... 2. Not specially mentioned: (a) Of mineral or mixed tanning..... (b) Otherwise tanned..... (c) Lamb and kid skins— 1. Tanned with alum and not dyed for gloves..... 2. Other, dyed or not, including grained, stamped, varnished, chamouis-dressed, velveted or otherwise worked— (a) Of mineral or mixed tanning..... (b) Otherwise tanned..... (d) Goat, sheep and other skins, not specified— 1. Skins prepared for linings..... 2. Other, dyed or not, even grained, stamped, varnished, shamoyed, velveted or worked in any other manner— (a) Of mineral or mixed tanning..... (b) Otherwise tanned.....	148. 50 88. 00 66. 00 38. 50 121. 00 77. 00 202. 50 88. 00 240. 00 132. 00 22. 00 220. 00 132. 00 50. 00 220. 00 132. 00	135. 00 60. 00 176. 00 120. 00 220. 00 120. 00
810	Parchment: (a) Of cattle skins..... (b) Other.....	87. 50 110. 00 (1)	..... ..... .....
811	Hides and skins cut out: (a) Backs and butts (gropponi)..... (b) Boot uppers, vamps, bands for hats, or in any other form indicating that it is destined for special purpose.....	(2) (1)	..... .....
812	Residues from cutting hides into backs and butts.....	(1)	.....

¹ Duty on the respective hide increased by 30 per cent.

² Duty on the respective hide increased by 50 per cent.

AUSTRIA

A statement of the Austrian duties on the products concerned follows.

While the duties are stated in gold crowns, it is understood that they are actually paid in paper currency at current rates of exchange.

Tariff No.	Item	Gold crowns per 100 kilos
278	Calfskins with the exception of bronzed and patent leathers:	
	(a) Mineral tanned.....	85.00
	(b) Otherwise tanned.....	60.50

NOTE.—These duties are contained in the new tariff passed in September. It has not yet gone into effect, but is expected to take effect shortly.

CZECHOSLOVAKIA

A statement of the Czechoslovak duties on the products concerned follows.

Tariff No. 330. Calf leather, except patent leather..... 1,800

Paper crowns
per 100 kilos

POLAND

A statement of the Polish duties on the products concerned follows.
The zloty is the new currency of Poland, equivalent to the gold franc, now worth about \$0.193.

Tariff No.	Item	Zloty per 100 kilos
55	Hides and skins, tanned, also semicurried, whole, half, or in pieces:	
	1. Sole leather and machine belting leather, whole, half, or in pieces—	
	(a) Vegetable tanned.....	100
	(b) Mineral tanned.....	120
	2. Sole leather and machine leather, in butts ("Krupons") and bends—	
	(a) Vegetable tanned.....	120
	(b) Mineral tanned.....	140
	3. Soft upper leather from cattle, horse and sheep hides—	
	(a) Vegetable tanned (Russia leather, upper leather, crop leather, split leather).....	160
	(b) Mineral-tanned black and colored—Boxcalf, kidcalf, rind-box, and other leather.....	430
	4. Soft upper leather of goat, kid, and sheep skins, tanned in any way, black and colored; kid, chamois, imitation chamois, "chevrette," black and colored; oil-dressed leather, not otherwise specified.....	700
	5. Varnished leather of all kinds, fancy leather with embossed and painted designs, hat-leather strips, morocco, llama leather, and the like.....	1,000

YUGOSLAVIA

A statement of the Yugoslav duties on the products concerned follows:

While duties are stated in gold dinars, they are paid in paper currency at the ratio of 11 paper to 1 gold dinar. The minimum rates of duty apply to products of the United States.

Tariff No.	Items	Gold dinars per 100 kilos	
		Maximum	Minimum
Ex 374	Leather merely tanned in any way; leather of all kinds further prepared; dressed, dyed, etc.; other leather not specially mentioned, not tanned as sole leather, for footwear, saddle-maker's wares, and other purposes, weighing per piece:		
	(a) Over 3 kilos.....	150	80
	(b) From 1 to 3 kilos.....	200	100
	(c) Up to 1 kilo, inclusive.....	250	120

BULGARIA

A statement of the Bulgarian duties on the products concerned follows.

Though stated in gold leva, duties are payable in paper currency at the ratio of 15 paper to 1 gold lev.

Tariff No.	Items	Leva per 100 kilos
304	Raw hides and skins:	
	(a) Of meat cattle—	
	1. Green, salted or not.....	20.00
	2. Dried, dressed or not, salted or not.....	30.00
	(b) Of lambs.....	80.00
	(c) Of sheep, goats and kids.....	40.00
	(d) Other.....	200.00
305	Tanned hides and skins:	
	(a) Semi-manufactured—	
	1. Of big cattle.....	100.00
	2. Of small cattle.....	150.00
	(b) Manufactured—	
	1. Sole leather—	
	(a) Blocks.....	250.00
	(b) Other.....	150.00
	2. White leather and tanned skins.....	250.00
	3. Parchment and other transparent skins for drums, etc.....	200.00
	4. Of any animals, varnished, bronzed, gilt or silvered, other than those obtained by mineral tanning (real net weight).....	1,000.00
	5. Other skins not specially mentioned—	
	(a) Obtained by mineral tanning (real net weight).....	1,800.00
	(b) Tanned otherwise—	
	1. The whole skin weighing 3 kilos or more.....	300.00
	2. The whole skin weighing from 1 to 3 kilos.....	400.00
	3. The whole skin weighing less than 1 kilo.....	500.00

LATVIA

A statement of the Latvian duties on the products concerned follows.

The lat is the new currency of Latvia, equivalent to the gold franc, now worth about \$0.193.

Tariff No.	Items	Lats per net kilo
55	Dressed hides (net weight):	
	1. Small skins, except those named in (2); tanned thongs or straps for sewing together into driving belts; boxcalf and goatskin.....	3.00
	2. a. Saffian, patent leather, and glace.....	6.00
	b. Kidskin, chamois, skins of all kinds with stamped patterns. lacquered leather, small skins.....	6.00
	3. Large skins: ox, cow, buffalo, horsehide, muleskin, pigskin, and half hides, without stamped patterns, even with artificial surface or colored; parchment..	.50

NOTE.—Cuttings of prepared skins will be dutiable at the same rate as the skins from which they are cut.

ESTHONIA

A statement of the Esthonian duties on the products concerned follows.

While the duties are stated in gold francs they are payable in Esthonian paper marks at the ratio of 80 marks to one gold franc.

Tariff No.	Items	Gold francs per kilo
Ex. 54	Unworked hides (calf):	
	Dried and dry salted.....	0.04
	Wet, salted.....	.02
	Worked hides (leather):	
	1. Small, not otherwise specified.....	1.70
	5. Glove leather (glace).....	14.00
	6. Large, not otherwise specified.....	.90

NOTE 2.—“Large” hides are those weighing over 1.5 kilos each or 0.75 kilos in halves.

NOTE 4.—All half-worked hides (or with hair removed) are dutiable under No. 55, subdivisions 1 or 6, according to their weight.

LITHUANIA

A statement of the Lithuanian duties on the products concerned follows.

The lit is the new currency of Lithuania, with a value of about \$0.10.

Tariff No.	Items	Lits per kilo net
54	Unmanufactured hides:	
	1. Dried, and dry salted.....	Duty free.
	2. Wet salted.....	Do.
55	Hides prepared:	
	1. Small hides, except those specially mentioned hides of fish and reptiles, ready to be sewn together, except those specially mentioned under par. 53 (2).....	2.50
	2. Chamois, morocco, glove leather, chevreau, small patent leathers, and pressed and colored leathers.....	4.00

RESPONSE TO CERTAIN QUESTIONS ASKED IN SENATE RESOLUTION
256 OF THE SIXTY-EIGHTH CONGRESS. PREPARED BY THE UNITED
STATES TARIFF COMMISSION

Question No. 3.—To what extent has the domestic calf-leather industry been affected by the postwar increase in the importation of calf leather?

The condition of the calf-leather industry is determined by a combination of factors. It is therefore difficult, if not impossible, to segregate the effect of any one factor, such as importation. Certain facts bearing upon the industry may, however, be stated and certain tendencies suggested, that being the purpose of a discussion under the following topics:

1. Correlation of importation and domestic production of calf leather.

2. Exports of calf leather.

3. Production, importation, and exportation of raw calfskins.

4. Effect of importation on domestic prices.

5. General conditions in the calf-leather industry.

1. *Correlation of importation and domestic production of calf leather.*—From statistics of importation and production it is possible to learn whether changes in the volume of imports are accompanied by corresponding movements in production. Correlation between these two movements may be taken as evidence that one affects the other. In the following tables, therefore, such a comparison is made.

Table 1 shows the amount and value of calf and kip leather imported for consumption since 1919. Prior to that year imports were not given by quantity, and, owing to unascertainable fluctuations in price, their values, have little significance. It may be said, however, that imports were small in comparison with domestic production.

TABLE 1.—*Calf and kip leather—Imports for consumption, 1919–1924*

Year	Pounds	Value	Increase in quantity over preceding year or fraction of year
			<i>Per cent</i>
1919	406, 372	\$1, 149, 293	
1920	572, 903	1, 431, 566	40. 98
1921	593, 567	1, 310, 531	3. 60
1921 (9 months) ¹	469, 808		
1922 (9 months) ¹	658, 686		40. 20
1922		1, 796, 653	
	<i>Square feet</i>		
1923	8, 418, 808	2, 850, 408	² 58. 65
1923 (11 months) ³	7, 482, 383	2, 593, 755	
1924 (11 months)	12, 963, 442	3, 579, 138	73. 25

¹ Comparison is made for 9 months of 1921 because the quantity in pounds is given for only 9 months of 1922; thereafter the quantity is given in square feet.

² Comparison of 1922 and 1923 could not be made by quantity because of change in unit. Price indexes for these years were practically equal, however, and the percentage of increase was therefore calculated on the basis of value.

³ Part of the year only is given for purposes of comparison with the part of 1924 for which statistics are available.

Table 2 shows domestic production of calf and kip leather.

TABLE 2.—*Calf and kip leather—United States production, 1909–1924*

Year	Number of skins tanned	Increase (+) or decrease (–) over preceding year given	Year	Number of skins tanned	Increase (+) or decrease (–) over preceding year given
		<i>Per cent</i>			<i>Per cent</i>
1909.....	19,733,000	.....	1921.....	14,888,000	+36.59
1914.....	16,068,000	–18.57	1922.....	15,634,000	+5.01
1919.....	12,894,000	–19.75	1923.....	18,473,000	+18.16
1920.....	10,900,000	–15.46	1924 ¹	16,752,000	–9.31

¹ Calculated for whole year on basis of 11 months' production.

Since prior to 1922 import and production statistics of calf leather were recorded in different units of quantity, the one being given in pounds and the other in number of skins, there can be no strict comparison of figures for the two. Assuming, however, that a tanned skins weighs on the average at least a pound, the ratio of imports to production may roughly be given from 1919 to 1921. Beginning with 1922, imports are given in square feet and may be compared with production figures in the same unit of quantity, obtained by the Tariff Commission.

TABLE 3.—*Approximate ratio of imports to domestic production of calf leather, 1919–1924*

	<i>Per cent</i>
1919.....	3.15
1920, not exceeding.....	5.25
1921.....	3.98
1923.....	6.50
1924 (9 months) ¹	10.70

Table 4, comparing domestic production with importation since 1919, shows that after the drop of 1920 both production and imports increased until 1924. The increase was more rapid in imports than in production, but attention is called to the fact that imports from 1919 to 1921 did not exceed 5.25 per cent of production, in 1923 were 6.5 per cent, and in 1924 were 10 per cent of production. The figures show that increased importation is not invariably accompanied by diminished domestic output. It is possible that the same causes which induce larger imports create a larger home production and that the same forces which lower domestic activity will sooner or later correspondingly affect imports.

In 1924, however, appears a lessened domestic output accompanied by a large increase of imports. Even though the importation with this increase is only about 10 per cent of production, the expansion of the foreign business coinciding with domestic contraction seems to indicate somewhat greater competition from abroad.

¹ Production for 9 months of 1924 was 91,429,379 square feet.

TABLE 4.—*Calf and kip leather—Domestic production and importation—Comparison of per cent of increase (+) or decrease (—) over previous year, 1920–1924*

Year	Production ¹	Imports ²
	<i>Per cent</i>	<i>Per cent</i>
1920.....	—15.46	+40.98
1921.....	+36.59	³ +3.60
1922.....	+5.01	³ +40.20
1923.....	+18.16	³ +58.65
1924.....	—9.31	⁴ +73.25

¹ See Table 2.² See Table 1.³ Imports were about 5 per cent of production.⁴ Imports were about 10 per cent of production.

Table 5 gives the capacity and production since 1913 of tanneries reporting to the Tariff Commission in 1924.

TABLE 5.—*Capacity and production of tanneries of finished calf leather, 1913–1924* ¹

Year	Number of tanners	Annual capacity	Amount	Percentage of capacity	Percentage of average capacity operation ²
		<i>Square feet</i>	<i>Square feet</i>		
1913.....	14	163,127,620	113,923,360	69.84	121.82
1914.....	13	162,352,818	102,896,996	63.38	110.55
1915.....	13	156,329,846	76,409,234	48.88	85.26
1916.....	15	166,476,932	102,691,380	61.69	107.61
1917.....	15	161,140,989	97,778,412	60.68	105.84
1918.....	15	169,859,808	97,309,223	57.29	99.93
1919.....	15	178,542,360	124,921,028	69.97	122.05
1920.....	15	181,573,816	86,582,147	47.68	83.17
1921.....	15	195,662,022	95,295,225	48.70	84.95
1922.....	18	207,716,026	116,503,159	56.09	97.84
1923.....	18	233,382,202	129,529,196	55.50	96.81
1924 (9 months).....	18	178,625,976	91,429,379	51.18	89.27
Total.....		2,154,790,415	1,235,268,939	³ 57.33	100.00

¹ Data gathered by questionnaire of the United States Tariff Commission.² The percentage of capacity utilized in calf leather production for each year is taken as a percentage of the average percentage of capacity for the period 1913–1924 (57.33).³ Average.

NOTE.—Table 6 has been omitted; subsequent table numbers not changed.

II. *Exports of calf leather.*—Some measure of the competition affecting the calf-leather industry is afforded by statistics of exports. Table 7 shows that since 1919 three years have recorded a decreased and three years an increased exportation over the preceding year. In 1923 there was a drop from the previous high-water mark of 1922, but the exports for 1924 appear to be 55 per cent greater than those of 1923, and the largest in the recent history of the industry.

TABLE 7.—*Calf and kip leather—Exports, 1911-1924*

Year	Square feet	Value	Per cent of domestic production exported by quantity	Per cent of increase (+) or decrease (-) in exportation over preceding year (quantity)
Fiscal:				
1911.....	8,513,819	\$1,892,057		
1912.....	7,176,557	1,786,571		-15.71
1913.....	9,765,168	2,392,861		+36.07
1914.....	9,058,426	2,175,262		-7.24
1915.....	7,337,197	1,868,093		-19.00
1916.....	20,819,137	6,216,011		+183.75
1917.....	19,370,788	8,229,038		-6.86
Calendar:				
1918.....	15,538,326	7,919,776		
1919.....	19,417,005	31,819,238	15.54	+24.96
1920.....	16,023,910	12,244,734	18.50	-17.47
1921.....	11,613,132	4,475,613	12.18	-27.53
1922.....	22,050,591	7,402,033	18.92	+89.88
1923.....	17,155,158	5,682,353	13.24	-22.20
1923 (11 months).....	15,303,357	5,055,647		
1924 (11 months).....	23,816,950	7,639,322		+55.63
1924 (9 months) ¹	19,077,104	6,149,664	20.86	

¹ Figures for 9 months are given in order that they may be compared with the Tariff Commission's production figures in square feet for 9 months.

It appears from the above table that in 1924 exports were about 20 per cent of domestic production. The seeming contradiction that exports are large in the face of a growing importation may perhaps be explained by the fact that exports are for the most part composed of suéded calf leather. In this branch of tanning the foreigner has been unable to equal the domestic quality, which therefore sells in the export market while imports of smooth leather continue. While one or two domestic factories specialize on suéded leather and supply a large part of the export, considerable shifting from one style of leather to the other is possible, according to the styles and qualities demanded. It is possible that a depressed local market for smooth leather may have led to an increased conversion into the suéded article for export. The proportion of production which is suéded can not be stated as changes in fashion cause large fluctuations in this figure.

III. *Production, importation, and exportation of raw calfskins.*—A study of the production and importation of calf leather should take into account the like movements of its raw material, calfskins. Table 8 gives the production and importation of raw skins for recent years, Table 9 their domestic exportation.

TABLE 8.—*Raw calfskins—Domestic production and importation, 1914–1924*

Year	Production (number of skins) ¹	Importation (number of skins)	Per cent of production represented by imports
1914.....	16,067,000	13,340,208	83.02
1918.....	11,435,755	1,169,834	10.22
1919.....	13,405,670	10,914,667	81.41
1920.....	10,946,795	4,285,526	39.15
1921.....	14,594,328	6,479,322	44.39
1922.....	15,447,282	7,150,621	46.29
1923.....	17,998,858	7,585,695	42.14
1924.....	² 12,000,000	³ 5,818,000	-----
1924 (9 months).....	9,142,937	4,363,636	47.72

¹ Sources: 1914–1920, Tanners' Council; 1921–1923, Bureau of the Census; 1924, Investigation by Tariff Commission.

² Calculated for whole year upon basis of production for 9 months.

³ Calculated for whole year upon basis of importation for 9 months.

TABLE 9.—*Raw calfskins—Exports, 1912–1924*

Year	Pounds	Value	Per cent of increase (+) or de- crease (–) in quantity over pre- ceding year	Per cent of exports taken by Canada ¹
1912.....	548,242	\$99,592	-----	-----
1913.....	903,922	155,490	+64.88	-----
1914.....	323,417	69,515	–64.22	-----
1915.....	1,074,529	248,547	+232.24	-----
1916.....	1,574,369	469,637	+46.52	-----
1917.....	1,374,038	549,459	–12.72	-----
1918.....	2,213,293	866,512	+61.08	-----
1919.....	4,654,335	3,217,625	+110.29	95.91
1920.....	1,139,653	679,698	–75.51	90.32
1921.....	5,348,556	1,151,601	+369.31	85.07
1922.....	3,943,190	875,801	–26.28	78.75
1923.....	3,982,384	883,693	+ .99	66.35
1923 (10 months).....	3,522,964	808,673	-----	-----
1924 (10 months).....	8,164,010	1,174,849	+131.74	52.99

¹ By value.

The above tables show that while production and importation of raw calfskins remained fairly stable from 1920 to 1923, they both fell off considerably in 1924. On the other hand, exports greatly increased in the latter year, and the percentage going to Europe gained considerably.¹ It is not known to what extent a decrease in 1924 world production of calfskins may have contributed to a shortage of the raw materials for calf leather. At any rate, the domestic price had advanced from a quotation of \$0.185 per pound in January, 1924, to \$0.25 per pound by December 1, 1924. This increase in price and the scarcity of the raw material have caused much difficulty to domestic manufacturers.

IV. *Effect of importation on domestic prices.*—The extent to which domestic selling prices have been affected by postwar increases in importation is difficult to determine. The absence of standardization in quality, thickness, and trim makes comparison uncertain.

¹ Of the 8,164,010 pounds of raw calfskins exported during the first 10 months of 1924, 3,730,912 pounds, or 45.4 per cent, were exported to Canada; 2,672,550 pounds, or 32.7 per cent, were exported to Netherlands; 629,817 pounds, or 7.7 per cent, were exported to Germany; 483,526 pounds, or 5.9 per cent, were exported to England; and the balance, 647,205, or 8.3 per cent, to other countries.

Domestic selling prices have undoubtedly been affected. Shoe manufacturers in Massachusetts and Illinois during the latter part of 1924 refused to buy domestic calf leather, asserting that domestic prices were higher than importers' quotations. Not only actual but also potential imports are employed to bear down domestic prices. American tanners say that foreign competition, except that of Canada, is in the best grades only, but that it is elusive, affecting indirectly the price of the lower grades of leather.

V. *General conditions of the domestic calf-leather industry.*—Interviews with domestic manufacturers disclose a condition of uncertainty and apprehension caused by recent gains in imports, advancing prices of raw materials, and the low prices of the finished product. Fear is also expressed of the advantages enjoyed by foreign producers because of the low wages they pay. Furthermore, with diminished production, manufacturers are subject to higher unit costs.

There is a certain preference for imported goods that in a measure favors the foreign producer. In the boot and shoe trade the quality of imported shoes has been stressed by a number of dealers. The domestic shoe manufacturer, in his efforts to compete with imported shoes, manufactures shoes from imported leather and advertises them as so made. The uppers of such shoes are usually made of imported calf leather. The manufacturer stamps the shoes as manufactured from imported leather and sells them at an advance of 50 cents or a dollar a pair.

Of greater consequence are certain advantages derived from the superior type of raw calfskins accessible to some overseas manufacturers.

Question No. 6. What is the difference in the wage paid calftanning labor in Europe and that paid in this country?

I. *Wages.*—To obtain information for answering this question the Tariff Commission secured data directly from all known calf-leather producers of the United States and from representative calf-leather manufacturers of the principal producing countries of Europe. As far as possible the statistics were checked against the original records of the manufacturers. Table 10 shows wage rates for the principal tanning operations. In each case the wage stated originally in the European currency has been converted at the then current exchange rate into United States money. Such necessary conversion makes a true comparison rather difficult. In the first place, the general price levels of the foreign country may not have risen as rapidly as the exchange rate has fallen, and therefore, in that country, the wages in terms of goods may be greater than they appear when converted into United States currency. This condition, however, acts as a stimulant to the foreign exporter. Secondly, when a depressed foreign exchange value of a country's currency makes its wages appear very low, it should be remembered that the same low exchange rate necessitates that country's paying an abnormally high price for its raw materials, purchased abroad.

TABLE 10.—*Calf-leather industry.—Wages per hour in cents, United States and European countries, 1924*¹

Operations	United States	France	Belgium	Luxembourg	Czechoslovakia	Germany	Austria	England	Scotland
Number of tanneries...	20	1	1	1	2	1	2	1	1
1. Hide house (unskilled)	44.8	12.5	13.0	18.0	13.0	14.0	14.0-23.0	28.0	-----
2. Beam house	51.5	15.0	12.0	19.0	15.0	19.0	15.7-23.0	24.0	37.0-46.0
3. Chrome tanning (unskilled)	50.0	15.0	12.0	17.0	13.0	19.0	16.9-22.0	32.0	45.0
4. Shaving (skilled)	62.5	15.0	14.0	19.0	13.0	20.0	30.0	34.0	39.0
5. Coloring, fat liquoring (unskilled)	49.7	15.0	12.0	18.0	13.0	19.0	15.7-22.0	27.0	-----
6. Hand setting (semi-skilled)	52.3	15.0	14.0	18.0	13.0	19.0	6.1-16.0	31.0	28.0
7. Tacking (semi-skilled)	57.6	15.0	-----	17.0	13.0	19.0	² 12.0	-----	27.0
8. Slocomb staking, wet	57.6	15.0	13.0	18.0	13.0	19.0	13.0	-----	35.0
9. Baker staking, dry	50.6	15.0	13.0	18.0	-----	19.0	-----	-----	-----
10. Finishing and seasoning	51.3	15.0	² 8.0	² 12.0	¹ 11.0	-----	² 6.0	² 18.0	53.0
11. Glazing (three-fourths skilled)	54.6	15.0	13.0	² 12.0	13.0	² 12.0	16.0	² 18.0	32.0-35.0
12. Graining and boarding by hand	52.4	15.0	-----	18.0	15.0	² 12.0	34.0	² 20.0	37.0
13. Embossing by machine	52.6	15.0	² 8.0	18.0	13.0	-----	16.9	25.0	-----
14. Sorting room labor	60.1	15.0	13.0	18.0	-----	-----	17.0	34.0	39.0
15. General unskilled labor	44.2	12.5	13.0	14.0	13.0	4.0-14.0	13.0-14.0	24.0	25.0

¹ All foreign currencies have been converted into United States money at current rates of exchange.² Female labor.

NOTE.—Statistics were obtained from two small concerns in Holland, but were fragmentary, and could not be verified.

The following table shows comparative wages in the form of an index employing United States wages as a base of 100. For each foreign country the simple arithmetical average wage rate was calculated for all operations for which data were given. A like average was also found for the corresponding operations in the United States. The European average was then expressed as a percentage of the American average. The table gives the results obtained for each country by the above calculations.

TABLE II.—*Calf-leather industry.—Per cent that average wage in specified country forms of United States wage*¹

Austria	30.13
Belgium	24.60
Czechoslovakia	25.40
England	55.38
France	27.77
Germany	33.79
Luxembourg	33.53
Scotland	67.83

The following additional information that could not be included in the foregoing tabulation relates to wages in the European calf-leather industry in 1924.

Belgium.—In one factory the wages average 7.81 cents per hour for women and 11.96 to 13.91 cents per hour for men. The number of working hours is 48 per week.

¹ Female labor is not included in this table.

Czechoslovakia.—The following table gives the scale of wages in one factory:

TABLE 12.—*Calf leather—Scale of hourly wages paid by a factory in Czechoslovakia, 1924*

	Cents per hour
Male:	
Skilled tanners and shavers.....	13
Qualified helpers.....	12
Other helpers over 18 years of age.....	10
Female:	
Qualified.....	9
Others over 18 years of age.....	7
Piece wages per hide:	
Lime tub.....	0. 96
Shaver.....	1. 44
Ironing and tacking—	
Large skins.....	. 90
Small skins.....	. 81

Germany.—Of one firm it is reported that earnings as a rule do not exceed \$1.06 for women and \$1.59 for men for an 8-hour day.

The following table is adapted from a copy of a wage agreement of a German concern with its employees.

TABLE 13.—*Scale of minimum hourly wages paid by a German concern November, 1924*¹

MALE WORKERS		
Skilled:		Per hour
Over 25 years.....	\$0. 164220	
20–25 years (average).....	. 144585	
17–19 years (average).....	. 101943	
Semiskilled:		
Over 21 years.....	. 15113	
16 to 21 years (average).....	. 093772	
Unskilled:		
Over 21 years.....	. 140420	
18–21 years (average).....	. 101943	
14–17 years (average).....	. 053250	
FEMALE WORKERS		
Skilled:		
Over 21 years.....	. 09520	
18–21 years (average).....	. 07378	
14–17 years (average).....	. 04611	
Unskilled:		
Over 21 years.....	. 091630	
18–21 years (average).....	. 072193	
14–17 years (average).....	. 043300	

The following table shows the wage scale employed in the leather industry in certain places in Germany. In Weinheim (Baden) and in Worms, with a total of about 8,000 workers, production is almost exclusively confined to calf leather. In the other places mentioned a part of the production is in calf leather.

¹ The workers' representative who furnished the above wage scale stated that the actual wages earned by the workmen were often as much as 50 per cent higher than those quoted. Piecework presents an opportunity for increasing the wages above the minimum.

TABLE 14.—*Certain German wages in calf-leather industry, 1924*

Place	Minimum wage rate per hour	Guaranteed piece-rate addition	Percentage of piece-workers
		<i>Per cent</i>	
Backnang (Wurttemberg).....	\$0. 1428	20	70
Neumunster (Holstein).....	. 13804	20	85
Possneck and Weida (Thuringia).....	. 1428	20	70
Weinheim (Baden).....	. 1428	15	95
Worms.....	. 14042	15	95

The piece-rate addition named in the wage schedules represents only the lowest rate; in practice, these are usually exceeded, and in many cases earnings exceed by 50 per cent the minimum hourly wage of the schedule.

Great Britain.—A report on a British firm gives the following information:

The minimum rate for skilled labor is \$14.10 per 48-hour week.

Workers on a piece-work basis earn, as a rule, 25 per cent more than a time worker, but the minimum earnings for piece work are not to be less than \$17.62 per week as fixed by agreement. General workers receive per week:

Male, semiskilled.....	\$12. 22
Male, unskilled.....	11. 75
Female, skilled.....	9. 40
Female, semiskilled.....	8. 70
Female, unskilled.....	7. 05

Luxemburg.—A large factory reports that classified unskilled male workers earn from \$1.35 to \$1.50 per 8-hour day. General unskilled tannery labor earn from \$1 to \$1.15 per 8-hour day. The highest earnings of women amount to about 95 cents a day.

II. *Labor cost.*—The differential in labor cost between competing countries can not be accurately determined from a comparison of wage rates alone as such data do not take account of the important factor of relative labor productivity. An effort was therefore made by the Tariff Commission to secure figures showing comparative labor costs in the manufacture of a square foot of calf leather.

To obtain the costs shown in Table 15 the total annual production in square feet of all United States firms¹ investigated by the Tariff Commission was divided by the total annual labor cost of these firms.

TABLE 15.—*Calf leather—United States—Average labor cost per square foot*

Year	Total production	Direct labor cost	
		Total	Per square foot
	<i>Square feet</i>		<i>Cents</i>
1913.....	112, 590, 674	\$2, 538, 475	2. 25
1914.....	104, 308, 012	2, 364, 508	2. 27
1915.....	76, 976, 118	2, 019, 030	2. 62
1916.....	92, 547, 118	2, 996, 399	3. 24
1917.....	86, 585, 887	3, 781, 435	4. 37
1918.....	84, 969, 827	4, 873, 755	5. 74
1919.....	114, 152, 543	7, 221, 304	6. 33
1920.....	73, 996, 230	6, 501, 862	8. 79
1921.....	86, 189, 793	6, 212, 604	7. 21
1922.....	96, 630, 477	6, 573, 524	6. 80
1923.....	108, 563, 260	7, 621, 767	7. 02
1924 (9 months).....	91, 429, 379	5, 186, 605	5. 67

¹ For which labor cost was given

Agents of the United States Tariff Commission also made a personal investigation of conversion costs in a number of representative calf-leather tanneries in the principal countries of Europe.¹ Statements received from manufacturers were compared in most cases with their original records. Table No. 16 following shows the labor cost per square foot of calf leather as found in European factories. The costs in each case are converted into United States money, an operation necessarily involving certain difficulties in the comparison of conditions on account of the abnormal state of foreign exchange in European countries since the World War. No exact statement can be made relative to the effect of foreign exchange fluctuations upon existing European wages, but it is believed that in some European countries, for example, in France, they show a lower figure expressed in United States currency than would be the case if conditions of foreign exchange had remained stable for a considerable time.

TABLE 16.—Calf leather—Average European labor cost per square foot, 1924

Country and factory	Labor cost per square foot, cents
Czechoslovakia: ²	
Factory No. 1	3.42
Factory No. 2	1.22-1.5
Austria: ³	
Factory No. 1	3.5
Factory No. 2	2.3
Factory No. 3 (black leather)	2.6
Factory No. 3 (colored leather)	3.4
Switzerland: Factory No. 1	2.3
Germany: ⁴	
Factory No. 1	3.57
Factory No. 2	3.6
Factory No. 3	2.6
Luxemburg: Factory No. 1 (1923)	1.25
Belgium: Factory No. 1	1.32
France:	
Factory No. 1	2.58
Factory No. 2	1.35
Great Britain:	
Factory No. 1	4.00
Factory No. 2	3.96

It appears from the above table that the ratio of labor costs between the United States and the countries investigated is higher than the ratio of wage rates as shown in Table 11. This discrepancy is accounted for, however, by the greater efficiency of the workman in the United States, the large amount of foreign overtime work at higher wage rates, and the bonuses and other increases for piecework in European countries.

Table 17 shows for the first 11 months of 1924 imports of calf leather into the United States with their principal sources and the labor cost of tanning calf leather in each country compared with the costs in the United States.

¹ The commission was unable to obtain the desired data from Canada.

² The labor cost per square foot of leather for factory No. 1 in Czechoslovakia could not be verified because of lack of proper records. The costs for factory No. 2 were copied from the books of the manufacturer, but the manufacturer refused to explain the methods by which the labor costs were established.

³ The costs of labor per square foot of leather for cost purposes were obtained directly from the Austrian manufacturers by the agents of the commission, but there were no cost records available for verification. From the following table it will be observed that direct imports of leather from Austria are insignificant. No record is available of the indirect imports from other countries, if any.

⁴ Includes only direct labor.

TABLE 17.—*Calf leather—Sources of imports¹ and labor costs, 1924*

Country	Imports entering United States from specified country—January–November, 1924	Per cent of total imports of calf leather January–November, 1924	Average labor cost per square foot	Percentage that foreign labor cost is of United States labor cost
	Square feet		Cents	
United States	4,797,079	37.41	5.67	70.19
Great Britain	3,012,943	23.50	3.98	79.69
Canada	2,366,736	18.45	(2)	
Netherlands	1,489,969	11.62	3.26	57.49
Germany	479,011	3.73	1.96	34.57
France	399,345	3.11	1.22–1.50	21.52–26.45
Czechoslovakia	148,721	1.15	1.29	22.75
Belgium including Luxemburg	7,968	.062	2.3	40.56
Switzerland	3,402	.026	(6)	
Austria	115,940			
Other				
Total	12,821,114			

¹ General imports, which in the case of calf leather are about the same as imports for consumption.

² Assuming that Canadian labor in the calf-leather industry is as efficient as that of the United States a comparison of labor costs can be made on a basis of comparative wages paid. For the wholeleather industry these amounted in 1923 to an average of \$1.236 in the United States and to \$985 in Canada, Canadian wages being 79.69 per cent of the domestic wages.

³ No statistics of labor cost could be obtained from the Netherlands

⁴ Not known how labor costs were established.

⁵ One of the principal tanneries in Europe is located in Luxemburg and is controlled by a German firm. This tannery is reported to have shipped to the United States in 1923, 330,628 square feet of calf leather. Probably a considerable part of its exports are reported as coming from Germany and Holland. In 1923 its labor cost per square foot of calf leather was 1.25 cents. Wages are said to be increasing at the present time. With construction now under way and being contemplated this establishment will become, in the near future, one of the larger tanneries on the European continent.

⁶ Figures could not be verified.

Question No. 13. "Is labor an important factor in the tanning of calf leather?"

The following table shows the proportion of the conversion cost of calf leather charged to labor. The conversion cost as used in this table includes labor, both direct and indirect, all materials used in the tanning process except the hides themselves, and general factory expense such as power, heat, and light, but it does not include the raw hides, administrative expense, and selling expenses.

TABLE 18.—*Calf leather—Per cent of conversion cost charged to labor, 1913–1924¹*

Year	Number of tanners	Conversion cost	Direct labor cost	Per cent of conversion cost charged to labor
1913	12	\$4,823,495.14	\$2,538,475.55	52.63
1914	13	4,601,275.18	2,364,508.29	51.39
1915	13	3,913,356.80	2,019,030.18	51.59
1916	15	6,172,930.33	2,996,399.62	48.54
1917	15	7,806,023.07	3,781,435.97	48.44
1918	15	9,891,313.80	4,873,755.27	49.27
1919	16	14,115,803.03	7,221,304.54	51.16
1920	16	11,700,030.23	6,501,862.93	55.57
1921	16	11,749,288.21	6,212,004.60	52.87
1922	18	11,814,342.03	6,573,524.83	55.64
1923	18	13,196,904.89	7,621,767.61	57.75
1924 (9 months)	16	8,649,988.96	5,186,605.60	59.96

¹ Statistics collected by the United States Tariff Commission.

Three of the manufacturers gave in their schedules statistics showing the proportion of the total cost (including that of raw material) formed by labor. The following table combines these figures:

TABLE 19.—*Calf leather—Per cent of total cost of production charged to labor, 1913-1924*

Year	Total cost of production	Direct labor cost	Per cent of total cost of production charged to labor	Per cent wages are to total value of product according to United States census
1913.....	\$6,707,168	\$493,158	7.35	-----
1914.....	5,382,858	446,944	8.30	8.7
1915.....	4,449,290	403,731	9.07	-----
1916.....	6,989,270	516,042	7.37	-----
1917.....	5,284,593	372,615	7.05	-----
1918.....	6,039,669	572,779	9.48	-----
1919.....	(1)			9.5
1920.....	8,393,515	782,971	9.33	-----
1921.....	5,531,251	981,118	17.74	15.0
1922.....	6,056,714	989,422	16.34	-----
1923.....	6,728,659	1,145,079	17.02	15.1
1924 (8 months).....	4,493,415	773,015	17.20	-----

¹ Figures incomplete.

The last column in the above table gives the proportion of total value of product¹ charged to wages according to United States census figures for all industries engaged primarily in the tanning, currying, and finishing of leather.

Question No. 16. To what extent is Canadian labor paid less than the labor in the calf-leather tanneries in the United States?

To obtain the necessary data for answering this question a questionnaire on tannery wages, listing 15 major operations in the industry, was submitted to 20 calf-leather tanneries in the United States, and to three in Canada. The desired information was received from all the domestic producers but from only one small Canadian establishment. The Tariff Commission was unable to obtain the required data from other Canadian producers, and regards a comparison based upon a single concern as of doubtful significance.

The following tables show average wage rates in the domestic industries as of September, 1924:

¹ The census category of "total value of product" is the value of the product at the factory. In the long run it would usually equal the cost of production plus profit. The percentage of wages to total value of product would usually be somewhat lower than their percentage to cost of production.

TABLE 20.—*Wage rates in domestic calf-leather industry, September, 1924*

	Male		Female	
	Piece	Time	Piece	Time
Total number of employees.....	2,656	3,866	81	463
Number of wage earners in tannery.....	2,669	3,483	173	420
Number of hours constituting a week's work.....	50	50	49.42	49.42
Hourly wage rates in effect September, 1924, for operatives in—				
1. Hide house (unskilled) ¹	\$0.661	\$0.448		
2. Beam house (soaking-liming, bating-pickling) ¹.....	.759	.515		
3. Chrome tanning (unskilled) ¹.....	.849	.50		
4. Shaving ².....	.817	.625		
5. Coloring, fat liquoring (unskilled) ².....	.818	.497		\$0.34
6. Hand setting (semiskilled) ².....	.667	.523		
7. Tacking (semiskilled) ².....	.75	.576		.43
8. Slocumb staking, wet ².....	.734	.576		
9. Baker staking, dry ².....	.758	.506		.40
10. Finishing and seasoning ¹.....	.637	.513	\$0.465	.372
11. Glazing (three-fourths skilled) ².....	.647	.546	.482	.381
12. Graining and boarding by hand ².....	.681	.524		
13. Embossing, by machine ¹.....	.662	.525		
14. Sorting room labor ¹.....	.57	.601		.312
15. General unskilled tannery labor ¹.....		.442		.29

¹ Operations carried on mainly on time-wage basis.² Operations carried on mainly on piece-rate basis.

In the absence of comparative wage statistics for Canada and the United States for calf leather, a comparison of wages in the general leather industry in the two countries as shown in Table 21 may be helpful. The wage rates for the calf-leather industry, shown in Table 20, are sufficiently similar to those paid in the general leather industry to indicate that a comparison of wages in the Canadian and the domestic tanning industry will not be without value.

TABLE 21.—*Comparative wages in the United States and Canada in the leather-tanning industry*

[Sources: United States and Canadian censuses]

	United States		Canada	
	1921	1923	1921	1923
Average number of wage earners.....	48,955	59,703	3,828	3,449
Total wages paid.....	\$57,740,510	\$73,794,340	\$3,167,275	\$3,399,617
Average annual wage per earner.....	\$1,179.46	\$1,236.02	\$827.40	\$985.68
Per cent that United States wages exceed Canadian wages.....	42.55	25.40		

According to the above table, domestic wages were, in 1921, 42 per cent higher and in 1923, 25 per cent higher than the Canadian wages.

Question No. 17. Would a tariff on calf leathers based solely on the differential in labor existing between competing countries be of material assistance in stimulating production and restoring prosperity to this industry?

This question is capable of more than one interpretation and involves matters of policy upon which the commission expresses no opinion. However, the following comments are made from the point of view of the equalization of costs by custom duties.

The phrase "based solely on the differential in labor" might be interpreted in terms of percentage differential in wages or, to give consideration to the efficiency of labor in each country, as a percentage differential in labor costs, or the phrase might imply that all costs except that of labor are equal in the foreign and domestic countries, the tariff rate on the whole value of the product being fixed at such a point as to equalize only the labor differential.

Under the first interpretation, if the difference in wages were 50 per cent, a necessary equalizing duty might be assumed to be 50 per cent. This reasoning would be sound only when the efficiency of labor is the same at home and abroad and when labor is a fair index of all other costs. The labor index might be accurate where practically all costs are labor costs, with raw material costs negligible. On the other hand, if the raw material constitutes a large element of cost—say 50 to 75 per cent—and if that raw material, such as hides, is purchased in the international markets of the world, the wage differential is not a good basis for tariff adjustments.

The same reasoning applies to basing a tariff on the differences in labor costs, efficiency being considered as well as wages, when an internationally priced raw material constitutes a large portion of the cost of production.

Under the third interpretation of the question (which assumes equal costs except in labor) the application of the tariff rate would work out as in the following example: If the difference in labor costs between the two countries were 50 per cent, and labor comprised 20 per cent of the total cost of the product, a tariff rate equalizing costs would then be 50 per cent of 20 per cent, or 10 per cent of the value of the product. The third interpretation of the question does not ordinarily conform to industrial facts. Even in cases where the costs of raw material are the same for the United States and foreign countries, other items of expense, such as sundry supplies, administrative and overhead expenses, and selling costs, are likely to be different in the two countries. Furthermore, the differential among these may or may not follow the differential for labor alone.

In view of the above considerations and from the point of view of equalization of costs alone, it is open to question whether a duty "based solely on the differential in labor" is a proper basis for tariff adjustment in the calf-leather industry. If, however, in order primarily to stimulate production in a given industry, it is desired to base the tariff upon considerations of special factors and not upon difference in total costs of production of the product at home and abroad, the wage differential prevailing in the industry is an important element; but upon the matters of policy which this method of tariff adjustment raises the Tariff Commission expresses no opinion.